

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Reorganized and Amended by Legislation Enacted in 2000)

NOTE: Provisions added by legislation enacted in 2000, primarily AB 2838 (Chapter 761, Statutes of 2000), are noted in blue underscore. Sections which were renumbered from the previous statutory scheme are noted in blue [brackets] following the new section number.

PART 1 - GENERAL

CHAPTER 1. LEGISLATIVE FINDINGS AND DECLARATIONS

56000. This division shall be known and may be cited as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

56001. The Legislature finds and declares that it is the policy of the state to encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state. The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing such development with sometimes competing state interests of discouraging urban sprawl, preserving open space and prime agricultural lands, and efficiently extending government services. The Legislature also recognizes that providing housing for persons and families of all incomes is an important factor in promoting orderly development. Therefore, the Legislature further finds and declares that this policy should be effected by the logical formation and modification of the boundaries of local agencies, with a preference granted to accommodating additional growth within, or through the expansion of, the boundaries of those local agencies which can best accommodate and provide necessary governmental services and housing for persons and families of all incomes in the most efficient manner feasible.

The Legislature recognizes that urban population densities and intensive residential, commercial, and industrial development necessitate a broad spectrum and high level of community services and controls. The Legislature also recognizes that when areas become urbanized to the extent that they need the full range of community services, priorities are required to be established regarding the type and levels of services that the residents of an urban community need and desire; that community service priorities be established by weighing the total community service needs against the total financial resources available for securing community services; and that those community service priorities are required to reflect local circumstances, conditions, and limited financial resources. The Legislature finds and declares that a single multi-purpose governmental agency, is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities, especially in urban areas. Notwithstanding, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single purpose

agency, several agencies, or a multi-purpose agency, responsibility should be given to the agency or agencies that can best provide government services.

CHAPTER 2. DEFINITIONS

56010. Unless the provision or context otherwise requires, the definitions contained in this chapter govern the construction of this division. The definition of a word applies to any of that word's variants.

56011. "Affected city" means any city which satisfies either of the following conditions:

(a) It contains, or its sphere of influence contains, territory for which a change of organization is proposed or ordered either singularly or as part of a reorganization. (b) It would contain the territory described in subdivision (a) as a result of proceedings for a change of organization or reorganization taken pursuant to this division.

56012. "Affected county" means each county which contains, or would contain, any territory for which a change of organization or reorganization is proposed or ordered or which contains all or any part of a district for which a change of organization or reorganization is proposed or ordered with respect to territory outside that county.

56013. "Affected district" means a special district, as defined by Section 56036, which contains, or whose sphere of influence contains, any territory for which a reorganization or a change of organization is proposed or ordered.

56014. "Affected local agency" means any agency which contains, or would contain, or whose sphere of influence contains, any territory within any proposal or study to be reviewed by the commission.

56015. "Affected territory" means any territory for which a change of organization or reorganization is proposed or ordered.

56016. "Agricultural lands" means land currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotational program, or land enrolled in an agricultural subsidy or set-aside program.

56017. "Annexation" means the annexation, inclusion, attachment, or addition of territory to a city or district.

56018. "Benefit district" means a district, containing lands which are, or will be, benefited by their inclusion within the district, the owners of those lands being entitled, under state or federal statutes or the California Constitution or the United States Constitution, to notice by mail or personal service and hearing prior to the inclusion of the lands within the district.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56019. "Board of directors" means the legislative body or governing board of a district.

56020. "Board of supervisors" means the board of supervisors of a county.

56020.5. "Certificate of completion" means the document prepared by the executive officer and recorded with the county recorder that confirms the final successful resolution of a change of organization or reorganization.

56020.7. "Certificate of termination of proceedings" means the document prepared by the executive officer and retained by the commission that indicates that a proposal for a change of organization or reorganization was terminated because of majority written protest or rejection by voters in an election.

56021. "Change of organization" means any of the following:

- (a) A city incorporation.
- (b) A district formation.
- (c) An annexation to, or detachment from, a city or district.
- (d) A disincorporation of a city.
- (e) A district dissolution.
- (f) A consolidation of cities or special districts.
- (g) A merger or establishment of a subsidiary district.

56022. REPEALED.

56023. "City" means any chartered or general law city, including any city the name of which includes the word "town."

56024. "City council" means the city council or legislative body of a city.

56025. "City officer" means the mayor or a member of the city council.

56026. "Clerk" means the clerk or secretary of a county, city, or district, or the clerk or secretary of the legislative body of a county, city, or district. Where the office of county clerk is separate from the office of the clerk of the board of supervisors, "clerk" means the clerk of the board of supervisors. Where the office of county clerk is separate from the office of the registrar of voters, "clerk" means the registrar of voters with respect to all duties pertaining to the conduct of elections and the county clerk with respect to all other duties.

56027. "Commission" means a local agency formation commission.

56028. "Commission proceedings" means proceedings which are taken by a commission pursuant to Part 3 (commencing with Section 56650).

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56029. "Conducting authority" means the commission of the principal county of the entity proposing a change of organization or reorganization, unless another conducting authority is specified by law.

56030. "Consolidation" means the uniting or joining of two or more cities located in the same county into a single new successor city or two or more districts into a single new successor district. In the case of consolidation of special districts, all of those districts shall have been formed pursuant to the same principal act.

56031. (a) "Contiguous" means both of the following:

(1) In the case of annexation, territory adjacent to, or territory adjoining territory within, the local agency to which annexation is proposed.

(2) In the case of consolidation, territory of a local agency or agencies which is adjacent to, or adjoining the territory of, the consolidating local agency or to the territory of another local agency which is contiguous to the consolidating local agency and to be consolidated with the consolidating local agency.

(b) Territory is not contiguous if the only contiguity is based upon a strip of land more than 300 feet long and less than 200 feet wide, that width to be exclusive of highways.

56032. "County officer" means a member of the board of supervisors.

56033. "Detachment" means the detachment, deannexation, exclusion, deletion, or removal from a city or district of any portion of the territory of that city or district.

56034. "Disincorporation" means the disincorporation, dissolution, extinguishment, and termination of the existence of a city and the cessation of its corporate powers, except for the purpose of winding up the affairs of the city.

56035. "Dissolution" means the dissolution, disincorporation, extinguishment, and termination of the existence of a district and the cessation of all its corporate powers, except for the purpose of winding up the affairs of the district.

56036. (a) "District" or "special district" means an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries. "District" or "special district" includes a county service area, but excludes all of the following:

- (1) The state.
- (2) A county.
- (3) A city.
- (4) A school district or a community college district.
- (5) A special assessment district.
- (6) An improvement district.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(7) A community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5.

(8) A permanent road division formed pursuant to Article 3 (commencing with Section 1160) of Chapter 4 of Division 2 of the Streets and Highways Code.

(9) An air pollution control district or an air quality maintenance district.

(10) A service zone of a fire protection district.

(b) Except as otherwise provided in paragraph (1), each of the entities listed in paragraph (1) is a "district" or a "special district" for the purposes of this division.

(1) For the purposes of Chapter 1 (commencing with Section 57000) to Chapter 7 (commencing with Section 57175), inclusive, of Part 4 or Part 5 (commencing with Section 57300), none of the following entities is a "district" or a "special district":

(A) A unified or union high school library district.

(B) A bridge and highway district.

(C) A joint highway district.

(D) A transit or rapid transit district.

(E) A metropolitan water district.

(F) A separation of grade district.

(2) Any proceedings pursuant to Part 4, commencing with Section 57000, for a change of organization involving an entity described in paragraph (1) shall be conducted pursuant to the principal act authorizing the establishment of that entity.

(c) Except as otherwise provided in paragraph (1), each of the entities listed in paragraph (1) is a "district" or "special district" for purposes of this division.

(1) For the purposes of Chapter 1 (commencing with Section 57000) to Chapter 7 commencing with Section 57175), inclusive, of Part 4 or Part 5 (commencing with Section 57300), none of the following entities is a "district" or "special district" if the commission of the principal county determines, in accordance with Sections 56127 and 56128, that the entity is not a "district" or "special district."

(A) A flood control district.

(B) A flood control and floodwater conservation district.

(C) A flood control and water conservation district.

(D) A conservation district.

(E) A water conservation district.

(F) A water replenishment district.

(G) The Orange County Water District.

(H) A California water storage district.

(I) A water agency.

(J) A county water authority or a water authority.

(2) If the commission determines that an entity described in paragraph (1) is not a "district" or "special district," any proceedings pursuant to Part 4, commencing with Section 57000, for a change of organization involving the entity shall be conducted pursuant to the principal act authorizing the establishment of that entity.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56037. "District of limited powers" means an airport district, community services district, municipal utility district, public utilities district, fire protection district, harbor district, port district, recreational harbor district, small craft harbor district, resort improvement district, library district, local hospital district, local health district, municipal improvement district formed pursuant to any special act, municipal water district, police protection district, recreation and park district, garbage disposal district, garbage and refuse disposal district, sanitary district, county sanitation district, public cemetery district, California water district, county water district, county waterworks district, or irrigation district.

56037.5. "Elections official" shall have the same meaning as in Section 320 of the Elections Code.

56038. "Executive officer" means the executive officer appointed by a commission.

56038.5. "Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, legal, social, and technological factors.

56039. "Formation" means the formation, incorporation, organization, or creation of a district.

56040. "Function" means any power granted by law to a local agency or a county to provide designated governmental or proprietary services or facilities for the use, benefit, or protection of persons or property.

56041. "Improvement district" means a district, area, or zone formed for the sole purpose of designating an area, which is to bear a special tax or assessment for an improvement benefiting that area.

56042. "Include," except when used in relation to the inclusion of land, does not necessarily exclude matters not enumerated.

56043. "Incorporation" means the incorporation, formation, creation, and establishment of a city with corporate powers. Any area proposed for incorporation as a new city shall have at least 500 registered voters residing within the affected area at the time commission proceedings are initiated.

56044. "Independent special district" includes any special district having a legislative body all of whose members are elected by registered voters or landowners within the district, or whose members are appointed to fixed terms, and excludes any special district having a legislative body consisting, in whole or in part, of ex officio members who are officers of a county or another local agency or who are appointees of those officers other than those who are appointed to fixed terms. "Independent special district" does not include any district excluded from the definition of district contained in Section 56036.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56045. "Independent special district officer" means the presiding officer or a member of the legislative body of an independent special district.

56046. "Inhabited territory" means territory within which there reside 12 or more registered voters. The date on which the number of registered voters is determined is the date of the adoption of a resolution of application by the legislative body pursuant to Section 56654, if the legislative body has complied with subdivision (b) of that section, or the date a petition or other resolution of application is accepted for filing and a certificate of filing is issued by the executive officer. All other territory shall be deemed "uninhabited."

56047. "Initiate" or "initiation" means the acceptance for filing and the issuance of a certificate of filing by the executive officer.

56047.5. "Interested agency" means each local agency which provides facilities or services in the affected territory that a subject agency would provide.

56048. (a) Except as otherwise provided in subdivision (b) or (c), "landowner" or "owner of land" means all of the following:

(1) Any person shown as the owner of land on the most recent assessment roll being prepared by the county at the time the conducting authority adopts a resolution of application except where that person is no longer the owner. Where that person is no longer the owner, the landowner or owner of land is any person entitled to be shown as owner of land on the next assessment roll.

(2) Where land is subject to a recorded written agreement of sale, any person shown in the agreement as purchaser.

(3) Any public agency owning land.

(b) "Landowner" or "owner of land" does not include a public agency which owns highways, rights-of-way, easements, waterways, or canals.

(c) For the purpose of mailed notice provided pursuant to Section 56157, "landowner" or "owner of land" means each person to whom land is assessed, as shown upon the last equalized assessment roll of the county, at the address shown upon that assessment roll.

56049. "Landowner-voter" means any person entitled to vote in a landowner-voter district, or the legal representative of that person or, in the case of an election, the proxy of that person.

56050. "Landowner-voter district" means a district whose principal act provides that owners of land within the district are entitled to vote upon the election of district officers, the incurring of bonded indebtedness, or any other district matter.

56051. "Last equalized assessment roll" means the last equalized assessment roll or book used by a county, city, or district for the purpose of the annual levy and collection of any taxes or assessments imposed by the county, city, or district.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

This section does not require the use of the supplemental roll prepared pursuant to Chapter 3.5 (commencing with Section 75) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

56052. "Legal representative" means an officer of a corporation duly authorized, by the bylaws or a resolution of the board of directors of the corporation, to sign for, and on behalf of, the corporation. Legal representative also includes a guardian, conservator, executor, administrator, or other person holding property in a trust capacity under appointment of a court, when authorized by an order of the court. The order of the court may be made without notice.

56053. "Legislative body" means the legislative body or governing board of a city, special district, or county.

56054. "Local agency" means a city, county, or district.

56055. "Member district" means any district which is included, in whole or in part, within another district, a metropolitan water district, or any of the entities enumerated in subdivision (c) of Section 56036, all or any part of the first-mentioned district being entitled, under the provisions of the principal act of the second-mentioned district or entity, to receive or be furnished with any governmental or proprietary service or commodity by the second-mentioned district or entity.

56056. "Merger" means the extinguishment, termination, and cessation of the existence of a district of limited powers by the merger of that district with a city as a result of proceedings taken pursuant to this division.

56057. "Next equalized assessment roll" means the next assessment roll or book to be equalized and used by a city, county, or district for the purpose of the annual levy and collection of any taxes or assessments imposed by the city, county, or district.

56058. "Notice" means any matter authorized or required by this division to be published, posted, or mailed.

56059. "Open space" means any parcel or area of land or water which is substantially unimproved and devoted to an open-space use, as defined in Section 65560.

56060. "Open-space use" means any use as defined in Section 65560.

56061. "Overlap" or "overlapping territory" means territory which is included within the boundaries of two or more districts or within one or more districts and a city or cities.

56062. "Parent district" means any district, a metropolitan water district, or any of the entities enumerated in subdivision (c) of Section 56036, which includes all or any part of another district, the first-mentioned district or entity being obligated, under the provisions of the principal act of

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

the first-mentioned district or entity, to provide and furnish any governmental or proprietary service or commodity to the second-mentioned district.

56063. "Plan of reorganization" means a plan or program for effecting a reorganization and which contains a description of all changes of organization included in the reorganization and setting forth all terms, conditions, and matters necessary or incidental to the effectuation of that reorganization.

56064. "Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that have not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that, if irrigated, qualifies for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not the land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for rating 80 through 100 Storie Index Rating.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July, 1967, developed pursuant to Public Law 46, December 1935.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

56065. "Principal act" means, in the case of a district, the law under which the district was formed and, in the case of a city, the general laws or a charter, as the case may be.

56066. "Principal county" means the county having all or the greater portion of the entire assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district or districts for which a change of organization or reorganization is proposed.

56067. "Proceeding," "proceeding for a change of organization," or "proceeding for a reorganization" means proceedings taken by the commission for a proposed change of organization or reorganization pursuant to Part 4 (commencing with Section 57000).

56068. "Proponent" means the person or persons who file a notice of intention to circulate a petition with the executive officer.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56069. "Proposal" means a request or statement of intention made by petition or by resolution of application of a legislative body or of a school district proposing proceedings for the change of organization or reorganization described in the request or statement of intention.

56070. "Public agency" means the state or any state agency, board, or commission, any city, county, city and county, special district, or other political subdivision, or any agency, board, or commission of the city, county, city and county, special district, or other political subdivision.

56071. "Registered voter" means any elector registered under, and pursuant to, the Elections Code.

56072. "Registered-voter district" means a district whose principal act provides that registered voters residing within the district are entitled to vote for the election of district officers, incurring of bonded indebtedness, or any other district matter.

56073. "Reorganization" means two or more changes of organization initiated in a single proposal.

56074. "Service" means a class established within, and as a part of, a single function, as provided by regulations adopted by the commission pursuant to Chapter 5 (commencing with Section 56820) of Part 3.

56075. "Special assessment district" means an area fixed, established, and formed by a city, county, district, or the state, pursuant to general law, special act, or charter, that is specially benefited by, and assessed, or to be assessed, to pay the costs and expenses of, acquiring any lands or rights-of-way, acquiring or constructing any public improvements, maintaining or operating any public improvement, or lighting any public street, highway, or place.

56075.5. "Special reorganization" means a reorganization that includes the detachment of territory from a city or city and county and the incorporation of that entire detached territory as a city.

56076. "Sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.

56077. "Subject agency" means each district or city for which a change of organization is proposed or provided in a reorganization or plan of reorganization.

56078. "Subsidiary district" means a district of limited powers in which a city council is designated as, and empowered to act as, the ex officio board of directors of the district.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56079. "Sufficient petition" means a petition which, upon its filing and certification, requires the commission to hold a hearing and make determinations with respect to the proposal contained in the petition.

56080. "Urban service area" means developed, undeveloped, or agricultural land, either incorporated or unincorporated, within the sphere of influence of a city, which is served by urban facilities, utilities, and services or which are proposed to be served by urban facilities, utilities, and services during the first five years of an adopted capital improvement program of the city if the city adopts that type of program for those facilities, utilities, and services. The boundary around an urban area shall be called the "urban service area boundary" and shall be developed in cooperation with a city and adopted by a commission pursuant to policies adopted by the commission in accordance with Sections 56300, 56301, and 56425.

56081. "Voter" means a landowner-voter or a registered voter.

CHAPTER 3. INTRODUCTORY AND GENERAL PROVISIONS

56100. Except as otherwise provided in paragraph (2) of subdivision (b) of Section 56036, paragraph (2) of subdivision (c) of Section 56036, and Section 56101, this division provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. All changes of organization and reorganizations shall be initiated, conducted, and completed in accordance with, and as provided in, this division. Notwithstanding any other provision of law, proceedings for the formation of a district shall be conducted as authorized by the principal act of the district proposed to be formed, except that the commission shall serve as the conducting authority and the procedural requirements of this division shall apply and shall prevail in the event of a conflict with the procedural requirements of the principal act of the district. In the event of such a conflict, the commission shall specify the procedural requirements which apply, consistent with the requirements of this section.

56100.1. A commission may require, through the adoption of written policies and procedures, the disclosure of contributions, as defined in Section 82015, expenditures, as defined in 82025, and independent expenditures, as defined in Section 82031, made in support of or opposition to a proposal. Disclosure shall be made either to the commission's executive officer, in which case it shall be posted on the commission's website, if applicable, or to the board of supervisors of the county in which the commission is located, which may designate a county officer to receive the disclosure. Disclosure pursuant to a requirement under the authority provided in this section shall be in addition to any disclosure required by Title 9 (commencing with Section 81000) or by local ordinance.

56101. This division does not apply to any proceeding for a change of organization or reorganization for which the application shall have been accepted for filing by the executive officer pursuant to Section 56658 prior to January 1, 2001. These pending proceedings may be

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

continued and completed under, and in accordance with, the provisions of law under which the proceedings were commenced. The repeals, amendments, and additions made by the act enacting this division shall not apply to any of those pending proceedings, and, the laws existing prior to January 1, 2001, shall continue in full force and effect, as applied to those pending proceedings.

56102. For the purpose of any action to determine or contest the validity of any change of organization or reorganization, the change of organization or reorganization shall be deemed to be completed and in existence upon the date of execution of the certificate of completion.

56103. An action to determine the validity of any change of organization or reorganization completed pursuant to this division shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

56104. If any provision of this division or the application of any provision of this division in any circumstance or to any person, city, county, district, the state, or any agency or subdivision of the state is held invalid, that invalidity shall not affect other provisions or applications of this division which can be given effect without the invalid provision or application of the invalid provision, and to this end the provisions of this division are severable.

56105. Any protest or objection pertaining to the regularity or sufficiency of any proceedings or commission proceedings shall be in writing, clearly specify the defect, error, irregularity, or omission to which protest or objection is made and shall be filed within the time and in the manner provided by this division. Any protest or objection pertaining to any of these matters which is not so made and filed is deemed voluntarily waived.

56106. Any provisions in this division governing the time within which an official or the commission is to act shall in all instances, except for notice requirements and the requirements of subdivision (i) of Section 56658, be deemed directory, rather than mandatory.

56107. (a) This division shall be liberally construed to effectuate its purposes. No change of organization or reorganization ordered under this division and no resolution adopted by the commission making determinations upon a proposal shall be invalidated because of any defect, error, irregularity, or omission in any act, determination, or procedure which does not adversely and substantially affect the rights of any person, city, county, district, the state, or any agency or subdivision of the state.

(b) All determinations made by a commission under, and pursuant to, this division shall be final and conclusive in the absence of fraud or prejudicial abuse of discretion.

(c) In any action or proceeding to attack, review, set aside, void or annul a determination by a commission on grounds of noncompliance with this division, any inquiry shall extend only to whether there was fraud or a prejudicial abuse of discretion. Prejudicial abuse of discretion is established if the court finds that the determination or decision is not supported by substantial evidence in light of the whole record.

56111.1. REPEALED.

56111.6. REPEALED.

56111.7. REPEALED.

56111.9. REPEALED.

56111.10. REPEALED.

56111.11. REPEALED.

56111.12. REPEALED.

56111.13. REPEALED.

56111.14. REPEALED.

56116. The Legislature declares that the doctrine of automatic merger of a district with a city or the merger by operation of law of a district with a city has no further force or effect. The existence of a district shall not be extinguished or terminated as a result of the entire territory of that district being heretofore or hereafter included within a city unless that district is merged with the city as a result of proceedings taken pursuant to this division.

56117. A district of limited powers may be either merged with, or established as, a subsidiary district of a city in the manner provided in this division. A mutual service agreement between a city and a district of limited powers may provide that the city shall not, while that agreement is in effect, or during any portion of the agreement's effective duration as the city and the district may stipulate in the agreement, initiate a proposal to establish the district as a subsidiary district of the city.

56118. Except for a proposal for the merger of a then existing subsidiary district, any proposal for a merger or establishment of a subsidiary district authorized by this division shall contain a request in the alternative, requesting either a merger or the establishment of a subsidiary district, as may be determined during the course of the proceedings. Any proposal requesting only merger shall be deemed to also include a request for the establishment of a subsidiary district and any proposal requesting only the establishment of a subsidiary district shall be deemed to also include a request for merger.

56119. It is not necessary for the principal act of any district to adopt or incorporate this division by reference and any change of organization or reorganization provided for by this division may be made by, or with respect to, any district. Except as otherwise provided in this division, in any

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

change of organization or reorganization the principal act shall govern as to any provisions in the principal act pertaining to boundaries, to contiguity or noncontiguity of territory, to the incorporated or unincorporated status of territory, and to the overlapping of territory of a district with the territory of another district or city. Unless otherwise provided by the principal act, any territory annexed to a district shall be contiguous to the district and shall not be a part of another district formed under the same principal act without the consent of the other district.

56120. Where the principal act of any parent district provides that the boundaries of the parent district shall be automatically changed in the event of a change in the boundaries of a member district, or that the boundaries of the parent district may be concurrently changed with a change in the boundaries of a member district, the boundaries of the parent district shall be deemed to be automatically, or may be concurrently, changed as the case may be, when proceedings are in accordance with the provisions of the principal acts of any parent district, upon completion of a change of organization or a reorganization changing the boundaries of the member district. The commission of the principal county of the member district shall have exclusive jurisdiction over such a change in boundaries of the member district and also of any parent district subject to this division.

56121. No change of organization or reorganization, or any term or condition of a change of organization or reorganization, shall impair the rights of any bondholder or other creditor of any county, city, or district. Nor shall any change of organization or reorganization, or any term or condition of a change of organization or reorganization, impair the contract rights, or contracts entered into by a public entity created by a joint exercise of powers agreement established pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code. Notwithstanding any provision of this division, or of any change of organization or reorganization, or any term or condition of a change of organization or reorganization, each and every bondholder or other creditor may enforce all of his or her rights in the same manner, and to the same extent, as if the change of organization, reorganization, term, or condition had not been made. Those rights may also be enforced against agencies, and their respective officers, as follows:

(a) Annexation or detachment: against the city or district to, or from, which territory is annexed or detached.

(b) Incorporation: against the newly incorporated city.

(c) Formation: against the newly formed district.

(d) Disincorporation: against the successor county receiving distribution of the remaining assets of the disincorporated city.

(e) Dissolution: against the local agency receiving distribution of all or any part of the remaining assets of a dissolved district.

(f) Consolidation: against the consolidated successor city or district.

(g) Reorganization: against the affected city or district, successor county or newly incorporated city or newly formed district, as the case may be, for any of the above enumerated changes of organization or city incorporations which may be included in the particular reorganization.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56122. Section 56886 and any term and condition provided by, or made pursuant to, that section shall be enforceable by, between, among, and against any public agency or agencies designated in the term and condition, but shall not constitute, or be given effect as, a limitation upon the power of any bondholder or other creditor to enforce his or her rights, particularly any rights provided for by Part 5 (commencing with Section 57300), as if Section 56886 had not been enacted or the term and condition had not been made or provided pursuant to that section.

56123. Except as otherwise provided in Section 56124, if a proposed change of organization or a reorganization applies to two or more affected counties, for the purpose of this division, exclusive jurisdiction shall be vested in the commission of the principal county. Any notices, proceedings, orders, or any other acts authorized or required to be given, taken, or made by the commission, board of supervisors, clerk of a county, or any other county official, shall be given, taken, or made by the persons holding those offices in the principal county. The commission of the principal county must provide notice to the chair, each board member, and the executive officer of all affected agencies of any proceedings, actions or reports on the proposed change of organization or reorganization. Any officer of a county other than the principal county shall cooperate with the commission of the principal county and shall furnish the commission of the principal county with any certificates, records, or certified copies of records as may be necessary to enable the commission of the principal county to comply with this division.

56124. If a proposed change of organization or a reorganization applies to two or more affected counties, for purposes of this division, exclusive jurisdiction may be vested in the commission of an affected county other than the commission of the principal county if all of the following occur:

(a) The commission of the principal county approves of having exclusive jurisdiction vested in the commission of another affected county.

(b) The commission of the principal county designates the commission of affected county which shall assume exclusive jurisdiction.

(c) The commission of the affected county so designated agrees to assume exclusive jurisdiction.

If exclusive jurisdiction is vested in the commission of an affected county other than the principal county pursuant to this section, any notices, proceedings, orders, or any other acts authorized or required to be given, taken, or made by the commission, board of supervisors, clerk of a county, or any other officer of a county, shall be given, taken, or made by the persons holding those offices in the affected county. Any officer of a county other than the affected county shall cooperate with the commission of the affected county and shall furnish the commission of the affected county with any certificates, records, or certified copies of records as may be necessary to enable the commission of the affected county to comply with this division.

56125. If any reorganization provides for the formation of any new district or districts, the district or districts shall be deemed to have been formed upon compliance with the procedure and

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

provisions of this division relating to reorganization. If the terms and conditions of any change of organization or reorganization provide for the formation of an improvement district or for the annexation of territory to, or detachment of territory from, an existing improvement district, that formation, annexation, or detachment shall be deemed to have been completed upon compliance with the procedure and provisions of this division relating to a change of organization or a reorganization. In any proceeding for a change of organization or a reorganization providing for territory to be formed into, or annexed to, or detached from, an improvement district, the clerk of the county or of the district, as the case may be, shall give mailed notice of hearing on the proposed change of organization or reorganization to all landowners owning land within the territory. No further or separate proceedings need be taken for the formation of any improvement district or for the annexation of territory to, or detachment of territory from, the existing improvement district. To that extent only, this division shall govern and provide the exclusive procedure for the formation of any such improvement district or for the annexation of territory to, or detachment of territory from, an existing improvement district and the provisions of the principal act relating to the formation of an improvement district or for the annexation of territory to, or detachment of territory from, an existing improvement district shall have no application.

56126. Upon request by the executive officer or the clerk of any county or district, the assessor of any city, county, or district shall furnish estimated assessed valuations, determined by the same methods and valuations used in preparing the last equalized assessment roll, in both of the following cases:

(a) Where real property is owned by a public agency and no assessed value for that real property is shown on the roll.

(b) Where a single assessment parcel shown on the last equalized assessment roll either:

(1) Has been split into two or more parcels by reason of the sale or conveyance of any portion of the original assessment parcel.

(2) Overlaps two or more counties, cities, districts, or election precincts, or any combination of those entities or precincts.

Any of these estimates shall be conclusively presumed to be assessed values for the purpose of this division, but shall be given no force or effect for other purposes.

56127. If the legislative body of any of the districts, agencies, or authorities enumerated in subdivision (c) of Section 56036 desires a determination by the commission that the district, agency, or authority is not a district or a special district, for purposes of Part 4 (commencing with Section 57000) or Part 5 (commencing with Section 57300), the legislative body, prior to the adoption of any ordinance, resolution, or order proposing, declaring an intention, or initiating proceedings to make a change of organization, shall make application to the commission of the principal county describing the proposed change of organization and requesting that determination.

If a proposal is initiated by other than the legislative body of a district or special district, the district or special district may, within 10 days of notification by the commission of the initiation of the proposal, request a determination by the commission that it is not a district or special

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

district for purposes of Part 4 (commencing with Section 57000) or Part 5 (commencing with Section 57300). That application shall be filed with the executive officer and shall be presented to the commission not later than its next regular meeting. The executive officer shall give the legislative body filing the application mailed notice of the time and place at which the application shall be presented to the commission. No other notice is required to be given. However, the commission may, prior to making its findings and determinations, order the executive officer to give notice of the filing and presentation of the application by publication or by mailing to other affected counties, cities, and districts, or by both publication and mailing.

56128. (a) Upon presentation of any application filed pursuant to Section 56127, the commission shall determine that the applicant district, agency, or authority is not a district or special district for purposes of Part 4 (commencing with Section 57000) or Part 5 (commencing with Section 57300), if the commission finds that the applicant is not engaged in any of the following:

(1) The distribution and sale for any purpose, other than for the purpose of resale, of water or of gas or electricity for light, heat, or power.

(2) Furnishing sanitary sewer service or garbage and refuse collection service to the ultimate users, as defined in subdivision (b), of those services.

(3) Providing fire or police protection.

(4) The acquisition, construction, maintenance, lighting, or operation of streets and highways, street and highway improvements, or park and recreation facilities, except as an incident to the exercise of other lawful powers of the applicant.

(b) "Ultimate user" means any user or consumer other than the state, the United States, a city, a county, or a district, or any agency, department, or office of any of those entities or a public utility. If the commission determines that any applicant district, agency, or authority enumerated in subdivision (c) of Section 56036 is not a district or special district, for purposes of Part 4 (commencing with Section 57000) or Part 5 (commencing with Section 57300), then those provisions shall not apply to the change of organization or reorganization described in the application and proceedings for the change of organization or reorganization shall be taken under and pursuant to the principal act. If no application is made to the commission, or if the commission in passing upon an application does not determine that the applicant is not a district or special district for the purposes of Part 4 (commencing with Section 57000) or Part 5 (commencing with Section 57300), then, except as otherwise provided in Section 56115, this division shall provide the sole and exclusive authority for the initiation, conduct, and completion for a change of organization or reorganization by that district, agency, or authority and, to the extent of any inconsistency between this division and the principal act of the applicant, this division shall control.

56129. (a) If a public utility has been granted a certificate of public convenience and necessity authorizing and requiring it to furnish gas or electric service within a certain service area and, as a result of a change of organization or a reorganization, territory consisting of all, or any part, of that service area becomes a part of, or is formed into, a district authorized by its principal act to

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

furnish gas or electric service, the district shall not furnish that service within the territory except upon approval by both of the following:

(1) The commission after receipt and consideration of the report of the Public Utilities Commission made as provided in Section 56131.

(2) The voters within the territory, given at an election as provided in Section 56130.

(b) If both of those approvals are given, upon assumption of service by the district the public utility may at any time thereafter withdraw service within the territory, unless otherwise ordered by the Public Utilities Commission.

(c) "Gas or electric service," as used in this section and in Sections 56130, 56131, and 56875, means the distribution and sale for any purpose, other than for the purpose of resale, of gas or electricity for light, heat, or power.

56130. Voter approval within the territory, as required by Section 56129, shall be given at an election. The question submitted at the election shall identify the district, designate the kind of service to be furnished, identify the territory within which the service is proposed to be furnished, and state the name of the public utility presently authorized to furnish the gas or electric service within the territory. The district shall not furnish the gas or electric service, as defined in subdivision (c) of Section 56129, within the territory unless the question of furnishing the gas or electric service has been submitted to the voters at an election called, held, and conducted within the territory and a majority of the votes cast upon the question are in favor of the service. The board of supervisors or the legislative body of the conducting district may submit the question at the election called upon the question of confirmation of an order of change of organization or reorganization, or the board of directors of the district may submit the question of the gas or electric service at a special election called after completion of the proceedings for a change of organization or a reorganization. The question of the service shall be submitted as a separate proposition at any election within the territory and shall be voted upon only by qualified voters within the territory. If the question is defeated at the election, for one year thereafter no petition requesting the gas or electric service may be filed and no new election called upon the question.

56131. The executive officer shall file with the Public Utilities Commission a certified copy of any proposal for a change of organization or a reorganization which provides, as a part of the change of organization or reorganization, that gas or electric service, as defined in subdivision (c) of Section 56129, be furnished by a district within any of the territory affected by the change of organization or reorganization. The certified copy need not contain any signatures if the proposal is by petition. After that change of organization or reorganization has been ordered, the clerk of the district shall file with the Public Utilities Commission a certified copy of any ordinance, resolution, or order made by the board of directors of a district proposing to furnish gas or electric service, as defined in subdivision (c) of Section 56129, within the territory. After that filing, the Public Utilities Commission shall cause an investigation to be made and may conduct any hearings in connection with the proposal. Upon completion of the investigation and not later than 90 days after the date of the filing, the Public Utilities Commission shall make a report to the commission stating whether, in the opinion of the Public Utilities Commission, the

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

proposed service by the district within the territory will substantially impair the ability of the public utility to provide adequate service at reasonable rates within the remainder of the service area of the public utility. The secretary of the Public Utilities Commission shall immediately file a certified copy of that report with the executive officer.

56131.5. Upon the filing of an application for the formation of, annexation to, consolidation of, or dissolution of a local hospital district created pursuant to Division 23 (commencing with Section 32000) of the Health and Safety Code or of an application for a reorganization including any of those changes of organization or the initiation by the commission of any of those changes of organization or any reorganization including any of those changes of organization, the commission shall notify all state agencies that have oversight or regulatory responsibility over, or a contractual relationship with, the local hospital district that is the subject of the proposed change of organization or reorganization, of its receipt of the application or the initiation by the commission of the proposed change of organization or reorganization and the proposal, including, but not limited to, the following:

- (a) The State Department of Health Services, including, but not limited to, Licensing and Certification and the Medi-Cal Division.
- (b) The Office of Statewide Health Planning and Development, including, but not limited to, the Cal-Mortgage Loan Insurance Division.
- (c) The California Health Facilities Financing Authority.
- (d) The California Medical Assistance Commission.

A state agency shall have 60 days from the date of receipt of notification by the commission to comment on the proposal. The commission shall consider all comments received from any state agency in making its decision.

56132. (a) This section shall only apply to any change of organization or reorganization that includes detachment of territory from the Broadmoor Police Protection District in the County of San Mateo and which includes or accommodates, or is intended to facilitate, an annexation of territory to another local agency that has initiated the change of organization or reorganization. This section does not, however, apply to any territory comprising real property owned by the San Francisco Bay Area Rapid Transit District.

If the commission adopts a resolution approving such a change of organization or reorganization, the board of commissioners of the district may, within 15 days thereafter, adopt a resolution finding either that the proposed detachment may or will not adversely affect the district's ability to efficiently provide its law enforcement services in the remainder of the district. The district shall, if it adopts a resolution, file a certified copy of its resolution with the local agency to which the affected territory is proposed to be annexed and the commission. If that resolution finds that the proposed detachment may have an adverse financial effect, then the reorganization shall not become effective unless a majority of the voters voting at a special election of the district called for that purpose approve the detachment. The Broadmoor Police Protection District shall pay the costs of the election. For purposes of this section, it shall be conclusively presumed that any affected local agency which adopts a resolution under Section 56654 requesting a detachment of contiguous territory from the Broadmoor Police Protection

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

District and which could have concurrently requested annexation of the affected territory, intends to do so.

(b) The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the following special circumstances:

The Broadmoor Police Protection District consists primarily of suburban residential properties which have long enjoyed an urban level of police services. The threat of continued piecemeal detachments of territory from the district threatens its ability to continue providing that level of service on an economically efficient basis.

(c) This section shall remain in effect only until January 1, 2002, and as of that date is repealed, unless a later enacted statute, that is enacted prior to January 1, 2002, deletes or extends that date.

56133. (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the commission in the affected county.

(b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization.

(c) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries and outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory if both of the following requirements are met:

(1) The entity applying for the contract approval has provided the commission with the documentation of a threat to the health and safety of the public or the affected residents.

(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, or sewer system corporation as defined in Section 230.6 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

(d) The executive officer, within 30 days of receipt of a request for approval by a city or district of a contract to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requestor, specifying those parts of the request which are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of those requests to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the contract for extended services. If the contract is disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(e) This section does not apply to contracts or agreements solely involving two or more public agencies where the public service to be provided is an alternative to, or substitute for, public

services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider. This section does not apply to contracts for the transfer of nonpotable or nontreated water. This section does not apply to contracts or agreements solely involving the provision of surplus water to agricultural lands for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county. This section shall not apply to an extended service that a city or district was providing on January 1, 1994. This section does not apply to a local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services, which do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.

CHAPTER 4. NOTICE

56150. Unless the provision or context otherwise requires, whenever this division requires notice to be published, posted, or mailed, the notice shall be published, posted, or mailed as provided in this chapter. Unless the provision or context otherwise requires, whenever this division requires notice to be given that notice shall also be given in electronic format on a web site provided by the commission, to the extent that the commission maintains such a web site.

56151. Notice authorized or required to be given by publication, posting, or mailing shall be given by the clerk or executive officer and shall contain all matters required by any particular provision of this division. If any ordinance, resolution, or order of any legislative body or the commission gives notice and contains all matters required to be contained in any notice, the clerk or executive officer may cause a copy of that ordinance, resolution, or order to be published, posted, or mailed, in which case no other notice need be given by the clerk or executive officer.

56152. Whenever any notice is required to be given and the duty of giving that notice is not specifically enjoined upon some officer, agency, or person, the clerk or executive officer, as the case may be, shall give notice or cause that notice to be given.

56153. Notice required to be published shall be published pursuant to Section 6061 in one or more newspapers of general circulation within each affected county, affected city, or affected district. If any newspaper is a newspaper of general circulation in two or more affected cities or affected districts, publication in that newspaper shall be sufficient publication for all those affected cities or affected districts. If there are two or more affected counties, publication shall be made in at least one newspaper of general circulation in each of the affected counties.

56154. If the published notice is a notice of a hearing, publication of the notice shall be commenced at least 21 days prior to the date specified in the notice for the hearing.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56155. Except as otherwise provided in this division, mailed notice shall be sent first class and deposited, postage prepaid, in the United States mails and shall be deemed to have been given when so deposited.

56156. If the mailed notice is notice of a hearing, the notice shall be mailed at least 21 days prior to the date specified in the notice for hearing.

56157. When mailed notice is required to be given to:

(a) A county, city, or district, it shall be addressed to the clerk of the county, city, or district.

(b) A commission, it shall be addressed to the executive officer.

(c)-Proponents, it shall be addressed to the persons so designated in the petition at the address specified in the petition.

(d) Landowners, it shall be addressed to each person to whom land is assessed, as shown upon the most recent assessment roll being prepared by the county at the time the conducting authority adopts a resolution of application of the county, at the address shown upon the assessment roll.

(e) Persons requesting special notice, it shall be addressed to each person who has filed a written request for special notice with the executive officer or clerk at the mailing address specified in the request.

(f) To all registered voters and owners of property, to the address as shown on the most recent assessment roll being prepared by the county at the time a resolution of application is adopted to initiate proceedings within 300 feet of the exterior boundary of the property that is the subject of the hearing at least 21 days prior to the hearing. This requirement may be waived if proof satisfactory to the commission is presented that shows that individual notices to registered voters and landowners have already been provided by the initiating agency. Notice shall also either be posted or published in one newspaper 21 days prior to the hearing. If this section would require more than 1,000 notices to be mailed, then notice may instead be provided pursuant to paragraph (1) of subdivision (b) of Section 65954.6.

56158. Notice required to be posted shall be posted on or near the doors of the meeting room of the legislative body or commission or upon any official bulletin board used for the purpose of posting public notices by, or pertaining to, the legislative body or commission.

56159. Posted notice shall remain posted for not less than five days. If the posted notice is notice of a hearing, posting shall be commenced at least 21 days prior to the date specified in the notice for hearing and shall continue to the time of the hearing.

56160. The failure of any person or entity to receive notice given pursuant to this division shall not constitute grounds for any court to invalidate any action taken for which the notice was given.

PART 2 - LOCAL AGENCY FORMATION COMMISSIONS

CHAPTER 1. GENERAL

56300. (a) It is the intent of the Legislature that each commission, not later than January 1, 2002, shall establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns.

(b) Each commission with a proposal pending on January 1, 2001, shall, by March 31, 2001, hold a public hearing to discuss the adoption of policies and procedures to require the disclosure of contributions, expenditures, and independent expenditures authorized by Section 56100.1. Reporting requirements adopted pursuant to this section shall be effective upon the date of adoption or a later date specified in the resolution. Any commission that does not have a proposal pending on January 1, 2001, shall hold a public hearing to discuss the adoption of those policies and procedures within 90 days of submission of a proposal or at any time prior to submission of a proposal. Once a hearing has taken place under this subdivision, no subsequent hearing shall be required except by petition of 100 or more registered voters residing in the county in which the commission is located.

(c) A commission may require, through the adoption of written policies and procedures, lobbying disclosure and reporting requirements for persons who attempt to influence pending decisions made by commission members, staff, or consultants. Disclosure shall be made either to the commission's executive officer, in which case it shall be posted on the commission website, if applicable, or to the recorder, registrar of voters, or clerk of the board of supervisors of the county in which the commission is located. Each commission that on January 1, 2001, has a pending proposal, as defined in Section 56069 shall, by March 31, 2001, hold a public hearing to discuss the adoption of policies and procedures governing lobbying disclosure authorized by this subdivision. Reporting requirements adopted pursuant to this section shall be effective upon the date of adoption or on a later date specified in the resolution. Any commission that does not have a proposal pending on January 1, 2001, shall hold a public hearing to discuss the adoption of those policies and procedures within 90 days of submission of a proposal, or at any time prior to submission of a proposal.

(d) Any public hearings required by this section may be held concurrently.

(e) The written policies and procedures adopted by the commission shall include forms to be used for various submittals to the commission including at a minimum a form for any protests to be filed with the commission concerning any proposed organization change.

(f)(1) On or before January 1, 2002, the commission shall establish and maintain, or otherwise provide access to notices and other commission information for the public through an Internet website.

(2) The written policies and procedures adopted by the commission shall require that, to the extent that the commission maintains an internet web site, notice of all public hearings and commission meetings shall be made available in electronic format on that site.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56301. Among the purposes of a commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities. When the formation of a new government entity is proposed, a commission shall make a determination as to whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. If a new single-purpose agency is deemed necessary, the commission shall consider reorganization with other single-purpose agencies that provide related services.

56302. (a) The Legislature finds and declares that nearly 35 years have passed since legislators last conducted a thorough investigation of the policies, practices, and statutes affecting the organization and boundaries of California's local agencies. That effort, which resulted in the enactment of the Knox-Nisbet Act, was the product of a careful study by the Commission on Metropolitan Area Problems, commissioned by Governor Edmund G. Brown, Sr. In the intervening decades, there have been fundamental, constitutional, demographic, economic, institutional, and political shifts in California and within the state's communities. The sustained interest in incorporating new cities, resistance to city annexations, problems in financing local agency facilities and services, and proposals to detach territory from existing cities demonstrate the need for the Legislature and the Governor to reevaluate the statutory policies and procedures that have guided California's communities for nearly 35 years. Therefore, the Legislature finds and declares the necessity for commissioning a careful study of local agency organization and boundaries, consistent with its constitutional duty pursuant to subdivision (a) of Section 2 of Article XI of the California Constitution.

(b) There is created the Commission on Local Governance for the 21st Century which shall consist of 15 members. The Governor shall appoint nine members, the Assembly Committee on Rules shall appoint three members, and the Senate Committee on Rules shall appoint three members. Appointees shall serve until the date that this section is repealed, except that, in the event that a vacancy occurs due to the resignation of a commissioner, a new member shall be appointed by the authority that appointed the resigning member. Of the Governor's appointments, one shall be a city representative, one shall be a county representative, one shall be a special district representative, and one shall be a representative of local agency formation commissions. Each appointing authority shall endeavor to appoint members who reflect the geographic, ethnic, racial, gender, and cultural diversity of the state. Each appointing authority shall appoint members who have demonstrated an interest and have proven academic or professional ability in the fields of demography, urban economics, land use planning, public finance, and the legal aspects of local agency organization and boundaries.

(c) Notwithstanding Section 7550.5, on or before December 31, 1999, the commission shall report to the Legislature and the Governor regarding all of the following:

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(1) A review of the current statutes, including, but not limited to, this division, regarding the policies, criteria, procedures, and precedents for city, county, and special district boundary changes.

(2) Proposals to add criteria to increase citizen and community participation in city, county, and special district governments.

(3) Proposals to ensure conformity with the requirements of federal law, including, but not limited to, the federal Voting Rights Act of 1965 (42 U.S.C. Sec. 1971).

(4) Recommendations for statutory changes, if any.

(d) The commission shall conduct public meetings to solicit the views and advice of the public, including elected and appointed officials, regarding city, county, and special district organization and boundaries.

(e) The commission shall select a chair and a vice chair from among its membership.

(f) The members of the commission shall be reimbursed their actual and necessary expenses for attending the meetings of the commission.

The commission may authorize a payment of a per diem not to exceed one hundred dollars (\$100) to its members for each day while they are in attendance at meetings of the commission. The commission may appoint employees, including counsel, define their qualifications and duties, and provide for compensation for the performance of those duties. The commission may contract with any other public or private agency for any services necessary to carry out the purposes of this section. The cost of the quarters, equipment, supplies, and operating expenses incurred by the commission shall be paid from the appropriation made by the act that enacted this section.

(g) The commission shall remain in existence until July 1, 2000, and as of that date, this section is inoperative. This section is repealed on January 1, 2001, unless a later enacted statute, enacted on or before January 1, 2001, deletes or extends that date and the commission's existence.

CHAPTER 2. FORMATION AND ORGANIZATION

56325. There is hereby continued in existence in each county a local agency formation commission. Except as otherwise provided in this chapter, the commission shall consist of members selected as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall be an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of a regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) Two selected by the cities in the county, each of whom shall be a mayor or council member, appointed by the city selection committee. The city selection committee shall also designate one alternate member who shall be appointed and serve pursuant to Section 56335. The alternate shall also be a mayor or council member. The city selection committee is

encouraged to select members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(c) Two presiding officers or members of legislative bodies of independent special districts selected by the independent special district selection committee pursuant to Section 56332. The independent special district selection committee shall also designate a presiding officer or member of the legislative body of an independent special district as an alternative member who shall be appointed and serve pursuant to Section 56332. The independent special district selection committee is encouraged to make selections that fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(d) One representing the general public appointed by the other members of the commission. The other members of the commission may also designate one alternate member who shall be appointed and serve pursuant to Section 56331. Selection of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members selected by each of the other appointing authorities.

56325.1. While serving on the commission, all commission members shall exercise their independent judgment on behalf of the interests of residents, property owners, and the public as a whole in furthering the purposes of this division. Any member appointed on behalf of local governments shall represent the interests of the public as a whole and not solely the interests of the appointing authority. This section does not require the abstention of any member on any matter, nor does it create a right of action in any person.

56326. In Los Angeles County, the commission shall consist of nine members, selected as follows:

(a) Two appointed by the board of supervisors from its own membership. The board of supervisors shall also appoint a third supervisor who shall be an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission.

If the office of the regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) One appointed by the board of supervisors, who shall not be a member of the board of supervisors but who shall be a resident of the San Fernando Valley Statistical Area, as defined in subdivision (c) of Section 11093. The board of supervisors shall also appoint an alternate member who shall not be a member of the board of supervisors but who is a resident of the San Fernando Valley Statistical Area. The alternate member may serve and vote in place of the member appointed pursuant to this subdivision if that member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular member becomes vacant, the alternate member may serve and vote in place of the former regular member until the appointment and qualification of a regular member to fill the vacancy.

(c) Two selected by the cities in the county, each of whom shall be a mayor or council member, appointed by the city selection committee. The city selection committee shall also

designate one alternate member who shall be appointed and serve pursuant to Section 56335. The alternate shall also be a mayor or council member. The city selection committee is encouraged to select members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(d) One selected by a city in the county having a population in excess of 30 percent of the total population of the county who is a member of the legislative body of the city, appointed by the presiding officer of the legislative body. The presiding officer of the legislative body shall also designate an alternate member who is a member of the legislative body. The alternate member may serve and vote in place of the member appointed pursuant to this subdivision if the member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular member becomes vacant, the alternate member may serve and vote in place of the former regular member until the appointment and qualification of a regular member to fill the vacancy.

(e) Two presiding officers or members of legislative bodies of independent special districts selected by an independent special district selection committee pursuant to Section 56332. The independent special district selection committee shall also designate one alternate member who shall be a presiding officer or member of the legislative body of an independent special district and shall be appointed and serve pursuant to Section 56332. The independent special district selection committee is encouraged to select members to fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(f) One representing the general public appointed by the other members of the commission.

56326.5. In Sacramento County, the commission shall consist of seven members, selected as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall serve as an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) One selected by the City of Sacramento who is a member of the city council, appointed by the mayor and confirmed by the city council. The mayor shall also appoint, subject to confirmation by the council, an alternate member who is a member of the city council. The alternate member may serve and vote in place of the regular city member if the city member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular city member becomes vacant, the alternate member may serve and vote in place of the former regular city member until the appointment and qualification of a regular city member to fill the vacancy.

(c) One selected by the cities in the county, who is a mayor or council member appointed by the city selection committee. The city selection committee shall also designate one alternate member who shall be appointed and serve pursuant to Section 56335. The alternate shall also be

a mayor or council member. The city selection committee is encouraged to select members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(d) Two presiding officers or members of legislative bodies of independent special districts selected by an independent special district selection committee pursuant to Section 56332. The independent special district selection committee shall also designate one alternate member who shall be a presiding officer or member of the legislative body of an independent special district and shall be appointed and serve pursuant to Section 56332. The independent special district selection committee is encouraged to select members to fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(e) One representing the general public, appointed by the other six members of the commission. The commission may also appoint an alternate public member who may serve and vote in the place of the regular public member if the regular public member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy.

56327. In Santa Clara County, the commission shall consist of five members, selected as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall serve as an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) One selected by the city in the county having the largest population, who is a member of the legislative body of the city, appointed by the city council. The city council shall also appoint an alternate member who is a member of the legislative body of the city. The alternate member may serve and vote in place of the regular city member if the city member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular city member becomes vacant, the alternate member may serve and vote in place of the former regular city member until the appointment and qualification of a regular city member to fill the vacancy.

(c) One selected by the cities in the county, who is a mayor or council member appointed by the city selection committee. The city selection committee shall also designate one alternate member who shall be appointed and serve pursuant to Section 56335. The alternate shall also be a mayor or council member. The city selection committee is encouraged to select members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(d) One representing the general public, appointed by the other four members of the commission. This member shall not be a resident of a city which is already represented on the commission. The commission may also appoint an alternate public member, who shall not be a resident of a city represented on the commission, and who may serve and vote in the place of the

regular public member if the regular public member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy.

56327.3. In Santa Clara County, the commission shall be enlarged by two members if, pursuant to the provisions of Chapter 5 (commencing with Section 56820), the commission orders representation of special districts upon the commission.

56328. (a) In San Diego County, the commission, which consists of seven members, augmented pursuant to Section 56332, shall be additionally augmented by the appointment of an eighth member and that member shall, notwithstanding subdivision (b) of Section 56325, be a member of the legislative body of the city in the county having the largest population, appointed by the legislative body of that city.

(b) The legislative body of the city shall appoint an alternate member at the same time and in the same manner as it appoints the regular member appointed pursuant to subdivision (a). If the regular city member is absent from a commission meeting, or disqualifies himself or herself from participating in a meeting, the alternate member may serve and vote in place of the regular city member for that meeting. If the office of the regular city member becomes vacant, the alternate member may serve and vote in place of the former regular city member until the appointment and qualification of a regular city member to fill the vacancy.

56329. If there is no city in the county, the commission shall consist of five members, selected as follows, **which may be further augmented pursuant to Sections 56332 and 56332.5:**

(a) Three appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a fourth supervisor who is an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of a regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) Two representing the general public appointed by the other members of the commission. **Selection of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members selected by each of the other appointing authorities.**

56330. REPEALED.

56331. When appointing a public member pursuant to Sections 56325, 56326, 56329, and 56330, the commission may also appoint one alternate public member who may serve and vote in place of a regular public member who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of a regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy. No

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

person appointed as a public member or alternate public member pursuant to this chapter shall be an officer or employee of the county or any city or district with territory in the county, provided, however, that any officer or employee serving on January 1, 1994, may complete the term for which he or she was appointed.

56331.3. If two or more members are absent or disqualify themselves from participating in a meeting of the commission, any alternate member who is authorized to serve and vote in the place of a member shall only have one vote.

56332. (a) The independent special district selection committee shall consist of the presiding officer of the legislative body of each independent special district. However, if the presiding officer of an independent special district is unable to attend a meeting of the independent special district selection committee, the legislative body of the district may appoint one of its members to attend the meeting of the selection committee in the presiding officer's place. Those districts shall include districts located wholly within the county and those containing territory within the county representing 50 percent or more of the assessed value of taxable property of the district, as shown on the last equalized county assessment roll. Each member of the committee shall be entitled to one vote for each independent special district of which he or she is the presiding officer. Members representing a majority of the eligible districts shall constitute a quorum.

(b) The executive officer shall call and give written notice of all meetings of the members of the selection committee. A meeting shall be called and held under either of the following circumstances:

(1) Whenever a vacancy exists among the members or alternate members representing independent special districts upon the commission.

(2) Upon receipt of a written request by one or more members of the selection committee representing districts having 10 percent or more of the assessed value of taxable property within the county, as shown on the last equalized county assessment roll.

(c) (1) If the executive officer determines that a meeting of the special district selection committee, for the purpose of selecting the special district representatives or for filling a vacancy, is not feasible, the executive officer may conduct the business of the committee in writing, as provided in this subdivision. The executive officer may call for nominations to be submitted in writing within 30 days. At the end of the nominating period, the executive officer shall prepare and deliver, or send by certified mail, to each independent special district one ballot and voting instructions.

(2) As an alternative to the delivery or certified mail, the executive officer, with the prior concurrence of the district, may transmit the ballot and voting instructions by electronic mail, provided that the executive officer shall retain written evidence of the receipt of that material.

(3) The ballot shall include the names of all nominees and the office for which each was nominated. The districts shall return the ballots to the executive officer by the date specified in the voting instructions, which date shall be at least 30 days from the date on which the executive officer mailed the ballots to the districts.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(4) If the executive officer has transmitted the ballot and voting instructions by electronic mail, the districts may return the ballots to the executive officer by electronic mail, provided that the executive officer retains written evidence of the receipt of the ballot.

(5) Any ballot received by the executive officer after the specified date is invalid. The executive officer shall announce the results of the election within seven days of the specified date.

(d) The selection committee shall appoint two regular members and one alternate member to the commission. The members so appointed shall be elected or appointed special district officers residing within the county but shall not be members of the legislative body of a city or county. If one of the regular district members is absent from a commission meeting or disqualifies himself or herself from participating in a meeting, the alternate district member may serve and vote in place of the regular district member for that meeting. The representation by a regular district member who is a special district officer shall not disqualify, or be cause for disqualification of, the member from acting on a proposal affecting the special district. The special district selection committee may, at the time it appoints a member or alternate, provide that the member or alternate is disqualified from voting on proposals affecting the district of which the member is a representative.

(e) If the office of a regular district member becomes vacant, the alternate member may serve and vote in place of the former regular district member until the appointment and qualification of a regular district member to fill the vacancy.

56332.5. If the commission does not have representation from independent special districts on January 1, 2001, the commission shall initiate proceedings for representation of independent special districts upon the commission if requested by independent special districts pursuant to this section. If an independent special district adopts a resolution proposing representation of independent special districts upon the commission, it shall immediately forward a copy of the resolution to the executive officer. Upon receipt of those resolutions from a majority of independent special districts within a county, adopted by the districts within one year from the date that the first resolution was adopted, the commission, at its next regular meeting, shall adopt a resolution of intention. The resolution of intention shall state whether the proceedings are initiated by the commission or by an independent special district or districts, in which case, the names of those districts shall be set forth. The commission shall order the executive officer to call and give notice of a meeting of the independent special district selection committee to be held within 15 days after the adoption of the resolution in order to select independent special district representation on the commission pursuant to Section 56332.

56333. When a commission is enlarged to seven members as provided in Section 56332, the public members appointed pursuant to Sections 56325, 56329, and 56330 shall thereafter be appointed by members of the commission representing cities, counties, and special districts. Those appointments shall be made at the times and in the manner provided in Section 56334.

56334. The term of office of each member shall be four years and until the appointment and qualification of his or her successor. Upon enlargement of the commission by two members, as

provided in Section 56332, the new members first appointed to represent independent special districts shall classify themselves by lot so that the expiration date of the term of office of one new member coincides with the existing member who holds the office represented by the original two-year term on the commission and of the other new member coincides with the existing member who holds the office represented by the original four-year term on the commission. The body which originally appointed a member whose term has expired shall appoint his or her successor for a full term of four years. Any member may be removed at any time and without cause by the body appointing that member. The expiration date of the term of office of each member shall be the first Monday in May in the year in which the term of the member expires, unless procedures adopted by the commission specify an alternate date to apply uniformly to all members; provided, however, that the length of a term of office shall not be extended more than once. Any vacancy in the membership of the commission shall be filled for the unexpired term by appointment by the body which originally appointed the member whose office has become vacant. The chairperson of the commission shall be selected by the members of the commission. Commission members and alternates shall be reimbursed for the actual amount of their reasonable and necessary expenses incurred in attending meetings and in performing the duties of their office. The board of supervisors may authorize payment of a per diem to commission members and alternates for each day while they are in attendance at meetings of the commission.

56335. In each county containing two or more cities, regular and alternate city members to the commission shall be appointed by the city selection committee organized in the county pursuant to and in the manner provided in Article 11 (commencing with Section 50270) of Chapter 1 of Part 1 of Division 1. Regular members of the commission shall be appointed by the city selection committee pursuant to Sections 56325, 56326, and 56327. The city selection committee shall appoint one alternate member to the commission in the same manner as it appoints a regular member. If one of the regular city members is absent from a commission meeting, or disqualifies himself or herself from participating in a meeting, the alternate member may serve and vote in place of that regular city member for that meeting. Except in the case of a member appointed pursuant to subdivision (d) of Section 56326 or subdivision (b) of Section 56327, a city selection committee, may, at the time it appoints a member or alternate, provide that the member or alternate is disqualified from voting on proposals affecting the city which the member or alternate represents. If the office of a regular city member becomes vacant, the alternate member may serve and vote in place of the former regular city member until the appointment and qualification of a regular city member to fill the vacancy.

56336. Each commission may adopt regulations with respect to disqualification of members or alternates from participating in the review of a proposal. In the absence, however, of those regulations, Section 56332 or 56335 shall apply. The representation by a member or alternate of a city or district shall not disqualify, or be cause for disqualification of, the member or alternate from acting on a proposal affecting the city or the district, and any regulation providing for the disqualification of a city or district representative for that reason is null and void.

56337. A city or county officer may serve as a member of the commission while holding office as a city or county officer. If a member who is a city or county officer ceases to be an officer of a city or county during his or her term, his or her membership on the commission shall be considered vacant.

CHAPTER 3. POWERS

56375. The commission shall have all of the following powers and duties subject to any limitations upon its jurisdiction set forth in this part:

(a) To review and approve or disapprove with or without amendment, wholly, partially, or conditionally, proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission. The commission may initiate proposals for (1) consolidation of districts, as defined in Section 56036, (2) dissolution, (3) merger, or (4) establishment of a subsidiary district, or a reorganization that includes any of these changes of organization. A commission shall have the authority to initiate only a (1) consolidation of districts, (2) dissolution, (3) merger, (4) establishment of a subsidiary district, or (5) a reorganization that includes any of these changes of organization, if that change of organization or reorganization is consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378 or 56425. However, a commission shall not have the power to disapprove an annexation to a city, initiated by resolution, of contiguous territory that the commission finds is any of the following:

(1) Surrounded or substantially surrounded by the city to which the annexation is proposed or by that city and a county boundary or the Pacific Ocean if the territory to be annexed is substantially developed or developing, is not prime agricultural land as defined in Section 56064, is designated for urban growth by the general plan of the annexing city, and is not within the sphere of influence of another city.

(2) Located within an urban service area that has been delineated and adopted by a commission, which is not prime agricultural land, as defined by Section 56064, and is designated for urban growth by the general plan of the annexing city.

(3) An annexation or reorganization of unincorporated islands meeting the requirements of Section 56375.3.

As a condition to the annexation of an area that is surrounded, or substantially surrounded, by the city to which the annexation is proposed, the commission may require, where consistent with the purposes of this division, that the annexation include the entire island of surrounded, or substantially surrounded, territory.

A commission shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements. When the development purposes are not made known to the annexing city, the annexation shall be reviewed on the basis of the adopted plans and policies of the annexing city or county. A commission shall require, as a condition to annexation, that a city prezone the territory to be annexed. However, the commission shall not specify how, or in what manner, the territory shall be prezoned. The decision of the commission shall be based upon the general plan and pre-zoning of the city.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(b) With regard to a proposal for annexation or detachment of territory to, or from, a city or district or with regard to a proposal for reorganization that includes annexation or detachment, to determine whether territory proposed for annexation or detachment, as described in its resolution approving the annexation, detachment, or reorganization, is inhabited or uninhabited.

(c) With regard to a proposal for consolidation of two or more cities or districts, to determine which city or district shall be the consolidated, successor city or district.

(d) To approve the annexation of unincorporated, noncontiguous territory, subject to the limitations of Section 56742, located in the same county as that in which the city is located, and that is owned by a city and used for municipal purposes and to authorize the annexation of the territory without notice and hearing.

(e) To approve the annexation of unincorporated territory consistent with the planned and probable use of the property based upon the review of general plan and pre-zoning designations. No subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the pre-zoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the pre-zoning in the application to the commission.

(f) With respect to the incorporation of a new city or the formation of a new special district, to determine the number of registered voters residing within the proposed city or special district. The number of registered voters shall be calculated as of the time of the last report of voter registration by the county elections official to the Secretary of State prior to the date the first signature was affixed to the petition. The executive officer shall notify the petitioners of the number of registered voters resulting from this calculation.

(g) To adopt written procedures for the evaluation of proposals. The commission may adopt standards for any of the factors enumerated in Section 56668. Any standards adopted by the commission shall be written.

(h) To adopt standards and procedures for the evaluation of service plans submitted pursuant to Section 56653 and the initiation of a change of organization or reorganization pursuant to subdivision(a).

(i) To make and enforce regulations for the orderly and fair conduct of hearings by the commission.

(j) To incur usual and necessary expenses for the accomplishment of its functions.

(k) To appoint and assign staff personnel and to employ or contract for professional or consulting services to carry out and effect the functions of the commission.

(l) To review the boundaries of the territory involved in any proposal with respect to the definiteness and certainty of those boundaries, the nonconformance of proposed boundaries with lines of assessment or ownership, and other similar matters affecting the proposed boundaries.

(m) To waive the restrictions of Section 56744 if it finds that the application of the restrictions would be detrimental to the orderly development of the community and that the area that would be enclosed by the annexation or incorporation is so located that it cannot reasonably be annexed to another city or incorporated as a new city.

(n) To waive the application of Section 25210.90 or Section 22613 of the Streets and Highways Code if it finds the application would deprive an area of a service needed to ensure the health,

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

safety, or welfare of the residents of the area and if it finds that the waiver would not affect the ability of a city to provide any service. However, within 60 days of the inclusion of the territory within the city, the legislative body may adopt a resolution nullifying the waiver.

(o) If the proposal includes the incorporation of a city, as defined in Section 56043, or the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission shall determine the property tax revenue to be exchanged by the affected local agencies pursuant to Section 56810.

(p) To authorize a city or district to provide new or extended services outside its jurisdictional boundaries pursuant to Section 56133.

(q) To enter into an agreement with the commission for an adjoining county for the purpose of determining procedures for the consideration of proposals that may affect the adjoining county or where the jurisdiction of an affected agency crosses the boundary of the adjoining county.

56375.3 [56375(d)]. (a) A commission may approve the annexation to a city after notice and hearing, and order annexation of the territory without an election, or waive the protest hearing proceedings pursuant to Part 4, commencing with Section 57000, if the annexation meets the requirements of this subdivision and is proposed by resolution adopted by the affected city, if the commission finds that the territory contained in an annexation proposal meets all of the following requirements:

(1) It does not exceed 75 acres in area, that area constitutes the entire island, and that island does not constitute a part of an unincorporated area that is more than 100 acres in area.

(2) The territory constitutes an entire unincorporated island located within the limits of a city, or constitutes a reorganization containing a number of individual unincorporated islands.

(3) It is surrounded in either of the following ways:

(A) Surrounded, or substantially surrounded, by the city to which annexation is proposed or by the city and a county boundary or the Pacific Ocean.

(B) Surrounded by the city to which annexation is proposed and adjacent cities.

(C) This subdivision shall not be construed to apply to any unincorporated island within a city that is a gated community where services are currently provided by a community services district.

(D) Notwithstanding any other provision of law, at the option of either the city or the county, a separate property tax transfer agreement may be agreed to between a city and a county pursuant to Section 99 of the Revenue and Taxation Code regarding an annexation subject to this subdivision without affecting any existing master tax sharing agreement between the city and county.

(4) It is substantially developed or developing. The finding required by this subparagraph shall be based upon one or more factors, including, but not limited to, any of the following factors:

(A) The availability of public utility services.

(B) The presence of public improvements.

(C) The presence of physical improvements upon the parcel or parcels within the area.

(5) It is not prime agricultural land, as defined by Section 56064.

(6) It will benefit from the annexation or is receiving benefits from the annexing city.

(b) Notwithstanding any other provision of this subdivision, this subdivision shall not apply to all or any part of that portion of there development project area referenced in subdivision (e) of Section 33492.41 of the Health and Safety Code that as of January 1, 2000, that meets all of the following requirements: is unincorporated territory; contains at least 100 acres; is surrounded or substantially surrounded by incorporated territory; and contains at least 100 acres zoned for commercial or industrial uses or is designated on the applicable county general plan for commercial or industrial uses.

56375.5. Every determination made by a commission regarding the matters provided for by subdivisions (a), (m), and (n) of Section 56375 shall be consistent with the spheres of influence of the local agencies affected by those determinations.

56376. The commission shall not impose a condition for the provision of services by the annexing city to an area which has not been placed within that city's adopted sphere of influence, as defined in Section 56076, unless that condition would mitigate effects which are a direct result of the annexation. In the case of any annexation proposal for which a certificate of completion was not recorded prior to January 1, 1985, a condition imposed thereon which does not comply with the requirements of this section is null and void and shall not affect the validity of, or terminate the annexation proceedings.

56376.5. (a) The commission shall not impose any condition on an annexing local agency with respect to the standards or frequency of maintenance of any existing street or road within the annexed territory.

(b) The commission shall not impose a condition, which requires a local agency to improve an existing public facility which is not owned by the agency.

(c) This section shall not be construed as authorizing a commission to impose any conditions which it is not otherwise authorized to impose.

56377. In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:

(a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.

(b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56378. In addition to its other powers, the commission shall initiate and make studies of existing governmental agencies. Those studies shall include, but shall not be limited to, inventorying those agencies and determining their maximum service area and service capacities. In conducting those studies, the commission may ask for land use information, studies, and plans of cities, counties, districts, including school districts, community college districts, and regional agencies and state agencies and departments. Cities, counties, districts, including school districts, community college districts, regional agencies, and state agencies and departments, shall comply with the request of the commission for that information and the commission shall make its studies available to public agencies and any interested person. In making these studies, the commission may cooperate with the county planning commissions. The commission, or the board of supervisors on behalf of the commission, may apply for or accept, or both, any financial assistance and grants-in-aid from public or private agencies or from the state or federal government or from a local government.

56379. Any person may, prior to any meeting, request the commission to cause a stenographic or electromagnetic record to be made of a meeting. If the cost of making that record is borne by that person, the commission shall cause the record to be made. The commission may require any person requesting the record to be made to deposit the estimated cost of making the record with the commission prior to the hearing.

56380. The commission shall make its own provision for necessary quarters, equipment, and supplies, as well as personnel. The commission may choose to contract with any public agency or private party for personnel and facilities.

56381 (a) The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter. The commission shall transmit its proposed and final budgets to the board of supervisors; to each city; to the clerk and chair of the city selection committee, if any, established in each county pursuant to Article 11 (commencing with Section 50270) of Chapter 1 of Part 1 of Division 1; to each independent special district, and to the clerk and chair of the independent special district selection committee, if any, established pursuant to Section 56332.

(b) After public hearings, consideration of comments, and adoption of a final budget by the commission pursuant to subdivision (a), the auditor shall apportion the net operating expenses of a commission in the following manner:

(1) In counties in which there is city and independent special district representation on the commission, the county, cities, and independent special districts shall each provide a one-third share of the commission's operational costs. The cities' share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of cities representing the majority of the combined

cities' populations. The independent special districts' share shall be apportioned in a similar manner according to each district's revenues for general purpose transactions, as reported in the most recent edition of the "Financial Transactions Concerning Special Districts" published by the Controller, or by an alternative method approved by a majority of the agencies, representing a majority of their combined populations. For the purposes of fulfilling the requirement of this section, a multi-county independent special district shall be required to pay its apportionment in its principal county. It is the intent of the Legislature that no single district or class or type of district shall bear a disproportionate amount of the district share of costs.

(2) In counties in which there is no independent special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs. The cities' share shall be apportioned in the manner described in paragraph (1).

(3) In counties in which there are no cities, the county and its special districts shall each provide a one-half share of the commission's operational costs. The independent special districts' share shall be apportioned in the manner described for cities' apportionment in paragraph (1). If there is no independent special district representation on the commission, the county shall pay all of the commission's operational costs.

(4) Instead of determining apportionment pursuant to paragraph (1), (2), or (3), any alternative method of apportionment of the net operating expenses of the commission may be used if approved by a majority vote of each of the following: the board of supervisors; a majority of the cities representing a majority of the total population of cities in the county; and the independent special districts representing a majority of the combined total population of independent special districts in the county.

(c) After apportioning the costs as required in subdivision (b), the auditor shall request payment from the board of supervisors and from each city and each independent special district no later than July 1 of each year for the amount that entity owes and the actual administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity. If the county, a city, or an independent special district does not remit its required payment within 60 days, the commission may determine an appropriate method of collecting the required payment, including a request to the auditor to collect an equivalent amount from the property tax, or any fee or eligible revenue owed to the county, city, or district. The auditor shall provide written notice to the county, city, or district prior to appropriating a share of the property tax or other revenue to the commission for the payment due the commission pursuant to this section. Any expenses incurred by the commission or the auditor in collecting late payments or successfully challenging nonpayment shall be added to the payment owed to the commission. Between the beginning of the fiscal year and the time the auditor receives payment from each affected city and district, the board of supervisors shall transmit funds to the commission sufficient to cover the first two months of the commission's operating expenses as specified by the commission. When the city and district payments are received by the commission, the county's portion of the commission's annual operating expenses shall be credited with funds already received from the county. If, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year's budget. If, during the fiscal year, the commission is without adequate

funds to operate, the board of supervisors may loan the commission funds and recover those funds in the commission's budget for the following fiscal year.

56381.6. (a) Notwithstanding the provisions of section 56381, for counties whose membership on the commission is established pursuant to sections 56326, 56326.5, 56327, or 56328, the commission's annual operational costs shall be apportioned among the classes of public agencies that select members on the commission in proportion to the number of members selected by each class. The classes of public agencies that may be represented on the commission are the county, the cities, and independent special districts. Any alternative cost apportionment procedure may be adopted by the commission, subject to a majority affirmative vote of the commission that includes the affirmative vote of at least one of the members selected by the county, one of the members selected by a city, and one of the members selected by a special district, if special districts are represented on the commission.

(b) Allocation of costs among individual cities and independent special districts and remittance of payments shall be in accordance with the procedures of section 56381. Notwithstanding section 56381, any city which has permanent membership on the commission pursuant to sections 56326, 56326.5, 56327, or 56328 shall be apportioned the same percentage of the commission's annual operational costs as its permanent member bears to the total membership of the commission, excluding any public members selected by all the members. The balance of the cities' portion of the commission's annual operational costs shall be apportioned to the remaining cities in the county in accordance with the procedures of section 56381.

56382. The commission may authorize the destruction of any duplicate record, paper, or other document if the original or a photographic or electronic copy of the record, paper, or other document is retained in the files of the commission, and the commission may authorize the destruction of original records more than two years old if a photographic or electronic copy of the original record is made and preserved, provided that the following conditions are met:

- (a) The record is reproduced on a medium that does not permit additions, deletions, or changes to the original document, or reproduced in compliance with the minimum standards or guidelines, or both, as recommended by the American National Standards Institute or the Association for Information and Image Management for recording of permanent records or nonpermanent records, whichever applies.
- (b) The device used to reproduce the record is one that accurately and legibly reproduces the original thereof in all details and that does not permit additions, deletions, or changes to the original document images.
- (c) The reproductions are made as accessible for public reference as the original records were.
- (d) A true copy of archival quality of the reproductions shall be kept in a safe and separate place for security purposes.

56383. (a) The commission may establish a schedule of fees for the costs of proceedings taken pursuant to this division, including, but not limited to, all of the following:

- (1) Filing and processing applications filed with the commission.
- (2) Proceedings undertaken by the commission and any reorganization committee.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(3) Amending a sphere of influence.

(4) Reconsidering a resolution making determinations.

(b) The schedule of fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged and shall be imposed pursuant to Section 66016.

(c) The commission may require that a fee be deposited with the executive officer before any further action is taken. The deposit of the fee shall be made within the time period specified by the commission. No petition shall be deemed filed until the fee has been deposited.

(d) The commission may waive the fee if it finds that payment would be detrimental to the public interest.

(e) The signatures on a petition submitted to the commission shall be verified by the elections official of the county and the costs of verification shall be provided for in the same manner and by the same agencies which bear the costs of verifying signatures for an initiative petition in the same county.

(f) Waiver of fees is limited to those costs incurred by the commission in the processing of a proposal.

(g) For incorporation proceedings that have been initiated by the filing of a sufficient number of voter signatures on petitions that have been verified by the county registrar of voters, the commission may, upon the receipt of a certification by the proponents that they are unable to raise sufficient funds to reimburse fees for the proceedings, take no action on the proposal and request a loan from the General Fund of an amount sufficient to cover such expenses, subject to availability of an appropriation for those purposes and in accordance with any provisions of the appropriation. Repayment of the loan shall be made a condition of approval of the incorporation, if successful, and shall become an obligation of the newly formed city. Such repayment shall be made within two years of the effective date of incorporation. If the proposal is denied by the commission or defeated at an election, the loan shall be forgiven.

56384. (a) The commission shall appoint an executive officer who shall conduct and perform the day-to-day business of the commission. If the executive officer is subject to a conflict of interest on a matter before the commission, the commission shall appoint an alternate executive officer. The commission may recover its costs by charging fees pursuant to Section 56383.

(b) The commission shall appoint legal counsel to advise it. If the commission's counsel is subject to a conflict of interest on a matter before the commission, the commission shall appoint legal counsel to advise it. The commission may recover its costs by charging fees pursuant to Section 56383.

(c) The commission may appoint such staff as it deems appropriate. If staff for the commission is subject to a conflict of interest on a matter before the commission, the commission shall appoint alternate staff to assist it. The commission may recover its costs by charging fees pursuant to Section 56383.

(d) For purposes of this section the term "conflict of interest" shall be defined as it is for the purpose of the Political Reform Act of 1974 and shall also include matters proscribed by Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1.

56385. The commission may contract for retirement benefits for the executive officer or staff personnel pursuant to the County Employees Retirement Law of 1937, Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 or the Public Employees' Retirement Law, Part 3 (commencing with Section 20000) of Division 5 of Title 2. It may also provide for health and medical benefits. The commission shall preserve accrued vacation, sick leave, compensatory time, and retirement benefits of persons hired from within the employment of their respective county.

56386. (a) The officers and employees of a city, county, or special district, including any local agency, school district, community college district, and any regional agency, or state agency or department, as may be necessary, or any other public agency shall furnish the executive officer with any records or information in their possession which may be necessary to assist the commission and the executive officer in their duties, including, but not limited to, the preparation of reports pursuant to Sections 56665 and 56800.

(b) Upon request by the commission or the executive officer, the county surveyor, or any other county officer, county official, or employee as the board of supervisors may designate, shall examine and report to the commission or the executive officer upon any application or other document involving any of the matters specified in subdivision (i) of Section 56375.

56387. Except as otherwise provided in Section 56388, if any district is, or as a result of a proposed change of organization or reorganization would be, located in more than one county, the commission of the principal county shall have exclusive jurisdiction over the matters authorized and required by this part.

56388. If any proposal involves a district which is, or as a result of a proposed change of organization or reorganization would be, located in more than one county, exclusive jurisdiction for that proposal over the matters authorized and required by this part may be vested in the commission of a county, other than the principal county, in which territory of the district is located or is proposed to be located if all of the following occur:

(a) The commission of the principal county agrees to having the exclusive jurisdiction vested in the commission of another county.

(b) The commission of the principal county designates the commission of another county which shall assume exclusive jurisdiction.

(c) The commission of the county so designated agrees to assume exclusive jurisdiction.

CHAPTER 4. SPHERES OF INFLUENCE

56425. (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

(b) At least 30 days prior to submitting an application to the commission for a determination of a new sphere of influence, or to update an existing sphere of influence for a city, representatives from the city shall meet with county representatives to discuss the proposed sphere, and its boundaries, and explore methods to reach agreement on the boundaries, development standards, and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere. If no agreement is reached between the city and county within 30 days, then the parties may, by mutual agreement, extend discussions for an additional period of 30 days. If an agreement is reached between the city and county regarding the boundaries, development standards, and zoning requirements within the proposed sphere, the agreement shall be forwarded to the commission, and the commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section, and the commission shall give great weight to the agreement in the commission's final determination of the city sphere.

(c) If the commission's final determination is consistent with the agreement reached between the city and county pursuant to subdivision (b), the agreement shall be adopted by the both the city and county after a public hearing. Once the agreement has been adopted by the affected local agencies and their respective general plans reflect that agreement, then any development approved by the county within the sphere shall be consistent with the terms of that agreement.

(d) If no agreement is reached pursuant to subdivision (b), the application may be submitted to the commission and the commission shall consider a sphere of influence for the city consistent with the policies adopted by the commission pursuant to this section.

(e) In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

- (1) The present and planned land uses in the area, including agricultural and open-space lands.
- (2) The present and probable need for public facilities and services in the area.
- (3) The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide.
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

(f) Upon determination of a sphere of influence, the commission shall adopt that sphere, and shall review and update, as necessary, the adopted sphere not less than once every 5 years.

(g) The commission may recommend governmental reorganizations to particular agencies in the county, using the spheres of influence as the basis for those recommendations. Those recommendations shall be made available, upon request, to other agencies or to the public. The commission shall make all reasonable efforts to ensure wide dissemination of the recommendations.

(h) For any sphere of influence or a sphere of influence that includes a special district, the commission shall do all of the following:

(1) Require existing districts to file written statements with the commission specifying the functions or classes of service provided by those districts.

(2) Establish the nature, location, and extent of any functions or classes of service provided by existing districts.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(3) Determine that, except as otherwise authorized by the regulations, no new or different function or class of service shall be provided by any existing district, except upon approval by the commission.

(i) Subdivisions (b), (c), and (d) and shall become inoperative as of January 1, 2007, unless a later enacted statute, that becomes operative on or before January 1, 2007, deletes or extends that date.

56425.5. (a) A determination of a city's sphere of influence, in any case where that sphere of influence includes any portion of there development project area referenced in subdivision (e) of Section 33492.41 of the Health and Safety Code, shall not preclude any other local agency, as defined in Section 54951, including the redevelopment agency referenced in Section 33492.41 of the Health and Safety Code, in addition to that city, from providing facilities or services related to development, as defined in subdivision (e) of Section 56426, to or in that portion of the redevelopment project area that, as of January 1, 2000, meets all of the following requirements:

- (1) Is unincorporated territory.
- (2) Contains at least 100 acres.
- (3) Is surrounded or substantially surrounded by incorporated territory.
- (4) Contains at least 100 acres zoned for commercial or industrial uses or is designated on the applicable county general plan for commercial or industrial uses.

(b) Facilities or services related to development may be provided by other local agencies to all or any portion of the area defined in paragraphs (1) to (4), inclusive, of subdivision (a). Subdivision (a) shall apply regardless of whether the determination of the sphere of influence is made before or after January 1, 2000.

56426. REPEALED.

56426.5. (a) Beginning January 1, 1990, at the time a commission approves a proposal for an incorporation or a reorganization which includes an incorporation, the commission may determine the sphere of influence for the proposed new city. Except as provided in subdivision (b), the commission shall determine the sphere of influence for any newly incorporated city within one year of the effective date of incorporation.

(b) The commission shall determine the sphere of influence for any newly incorporated city, the proposal for which was approved by the commission before January 1, 1990, by January 1, 1991.

56427. The commission shall adopt, amend, or revise spheres of influence after a public hearing called and held for that purpose. At least 15 days prior to the date of that hearing, the executive officer shall give mailed notice of the hearing to each affected local agency or affected county, and to any interested party who has filed a written request for notice with the executive officer. In addition, at least 15 days prior to the date of that hearing, the executive officer shall cause notice of the hearing to be published in accordance with Section 56153 in a newspaper of general circulation which is circulated within the territory affected by the sphere of influence proposed to be adopted. The commission may continue from time to time any hearing called pursuant to this

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

section. At any hearing called and held pursuant to this section, the commission shall hear and consider oral or written testimony presented by any affected local agency or affected county or any interested person who wishes to appear.

This section shall only apply to spheres of influence adopted by the commission after January 1, 1975.

56428. (a) Any person or local agency may file a written request with the executive officer requesting amendments to a sphere of influence or urban service area adopted by the commission. The request shall state the nature of the proposed amendment, state the reasons for the request, include a map of the proposed amendment, and contain any additional data and information as may be required by the executive officer.

(b) After complying with the California Environmental Quality Act, Division 13 (commencing with Section 21000) of the Public Resources Code, the executive officer shall place the request on the agenda of the next meeting of the commission for which notice can be given. The executive officer shall give notice in the manner provided by Section 56427. On the date and time provided in the notice, the commission may do either of the following:

- (1) Without further notice, consider the amendments to a sphere of influence.
- (2) Set a future date for the hearing on the request.

(c) The executive officer shall review each requested amendment and prepare a report and recommendation. The report shall be completed not less than five days before the date specified in the notice of hearing. The executive officer shall send copies of the report to the person or agency making the request, each affected local agency, and each person who has filed a request for a report.

(d) At its meeting, the commission shall consider the request and receive any oral or written testimony. The consideration may be continued from time to time but not to exceed 70 days from the date specified in the original notice. The person or agency which filed the request may withdraw it at any time prior to the conclusion of the consideration by the commission.

(e) At the conclusion of its consideration, the commission may approve or disapprove with or without amendment, wholly, partially, or conditionally, the request. The commission shall follow the procedures in Sections 56425 and 56426.

(f) The commission may require the person or agency making a request pursuant to this section to pay a fee to cover the commission's costs. The fee shall not exceed the estimated reasonable cost of providing the service and shall be set pursuant to Section 56383. The commission may waive the fee if it finds that the request can be considered and studied as part of the periodic review of spheres of influence required by Section 56425. In addition, the commission may waive the fee if it finds that payment would be detrimental to the public interest.

(g) The commission and executive officer may review and act on any request to amend a sphere of influence or urban service area concurrently with their review and determination on any related change of organization or reorganization. In case of a conflict between the provisions of this section and any other provisions of this part, the other provisions shall prevail.

56429. (a) Notwithstanding Sections 56425, 56427, and 56428, a petition for removal of territory from a sphere of influence determination may be brought pursuant to this section by landowners

within the redevelopment project area referenced in subdivision (e) of Section 33492.41 of the Health and Safety Code, if, at the time the petition is submitted, the area for which the petition is being requested meets all of the following requirements:

- (1) Is unincorporated territory.
- (2) Contains at least 100 acres.
- (3) Is surrounded or substantially surrounded by incorporated territory.
- (4) Contains at least 100 acres zoned for commercial or industrial uses or is designated on the applicable county general plan for commercial or industrial uses.
- (b) On receipt of a petition signed by landowners owning at least 25 percent of the assessed value of the land within the affected territory, the commission shall hear and consider oral or written testimony.
- (c) The petition shall be placed on the agenda of the commission in accordance with subdivision (b) of Section 56428.
- (d) The executive officer shall give notice of the hearing in accordance with Section 56427.
- (e) From the date of filing of the petition to the conclusion of the hearing, the commission shall accept written positions from any owner of land in the unincorporated territory that is seeking removal from a city's sphere of influence.
- (f) The petition to remove territory from a city's sphere of influence shall be granted and given immediate effect if the commission finds that written positions filed in favor of the petition and not withdrawn prior to the conclusion of the hearing represent landowners owning 50 percent or more of the assessed value of the land within the affected territory.
- (g) No removal of territory from a city's sphere of influence that is proposed by petition and adopted pursuant to this section shall be repealed or amended except by the petition and adoption procedure provided in subdivisions (a) to (f), inclusive. In all other respects, a removal of territory from a city's sphere of influence proposed by petition and adopted pursuant to this section shall have the same force and effect as any amendment to or removal of territory from a city's sphere of influence approved by the commission. No territory removed from a city's sphere of influence pursuant to this section shall be annexed to that city, unless the territory is subsequently added to the sphere of influence of the city pursuant to the petition and adoption procedure provided in this section.
- (h) Pursuant to Section 56383, the commission may establish a schedule of fees for the costs of carrying out this section.
- (i) All proper expenses incurred in connection with removal of territory from a city's sphere of influence pursuant to this section shall be paid by the proponents.

56430. (a) In order to prepare and to update spheres of influence in accordance with section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub-region, or such other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) infrastructure needs or deficiencies;
- (2) growth and population projections for the affected area;

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

- (3) financing constraints and opportunities;
- (4) cost avoidance opportunities;
- (5) opportunities for rate restructuring;
- (6) opportunities for shared facilities;
- (7) government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
- (8) evaluation of management efficiencies; and
- (9) local accountability and governance.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.
- (c) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with section 56425 or section 56426.5 or to update a sphere of influence pursuant to section 56425.
- (d) Not later than July 1, 2001, the Office of Planning and Research, in consultation with commissions, the California Association of Local Agency Formation Commissions, and other local governments, shall prepare guidelines for the service reviews to be conducted by commissions pursuant to this section.

56434. (a) The Commission may review and approve a proposal that extends services into previously unserved territory within unincorporated areas and may review the creation of new service providers to extend urban type development into previously unserved territory within unincorporated areas to ensure that the proposed extension is consistent with the policies of Sections 56001, 56300, 56301, and the adopted policies of the commission implementing these sections, including promoting orderly development, discouraging urban sprawl, preserving open space and prime agricultural lands, providing housing for persons and families of all incomes, and the efficient extension of governmental services.

(b) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

PART 3 - CHANGES OF ORGANIZATION AND REORGANIZATION

CHAPTER 1. GENERAL

56650. Commission proceedings for a change of organization or a reorganization may be initiated by petition or by resolution of application in accordance with this chapter.

56650.5. If the proposal is for the annexation of inhabited territory to a city with over 100,000 residents which is located in a county with a population of over 4,000,000, no proceedings shall be initiated either by petition or by resolution of application unless the proposal is consistent with the sphere of influence of any affected city or affected district.

56651. Commission proceedings shall be deemed initiated on the date a petition or resolution of application is accepted for filing and a certificate of filing is issued by the executive officer of the commission of the county in which the affected territory is located.

56652. Each application shall be in the form as the commission may prescribe and shall contain all of the following information:

- (a) A petition or resolution of application initiating the proposal.
- (b) A statement of the nature of each proposal.
- (c) A map and description, acceptable to the executive officer, of the boundaries of the subject territory for each proposed change of organization or reorganization.
- (d) Any data and information as may be required by any regulation of the commission.
- (e) Any additional data and information, as may be required by the executive officer, pertaining to any of the matters or factors which may be considered by the commission.
- (f) The names of the officers or persons, not to exceed three in number, who are to be furnished with copies of the report by the executive officer and who are to be given mailed notice of the hearing.

56653. (a) Whenever a local agency or a school district submits a resolution of application for a change of organization or reorganization pursuant to this part, the local agency shall submit with the resolution of application a plan for providing services within the affected territory.

(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:

- (1) An enumeration and description of the services to be extended to the affected territory.
- (2) The level and range of those services.
- (3) An indication of when those services can feasibly be extended to the affected territory.
- (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
- (5) Information with respect to how those services will be financed.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56654 [56800]. (a) A proposal for a change of organization or a reorganization may be made by the adoption of a resolution of application by the legislative body of an affected local agency.

(b) At least 20 days before the adoption of the resolution, the legislative body may give mailed notice of its intention to adopt a resolution of application to the commission and to each interested agency and each subject agency. The notice shall generally describe the proposal and the affected territory.

(c) Except for the provisions regarding signers and signatures, a resolution of application shall contain all of the matters specified for a petition in Section 56700 and shall be submitted with a plan for services prepared pursuant to Section 56653.

56655 [56827]. If two or more proposals pending before the commission conflict or in any way are inconsistent with each other, as determined by the commission, the commission may determine the relative priority for conducting any further proceedings based on any of those proposals. That determination shall be included in the terms and conditions imposed by the commission. In the absence of that determination, priority is given to that proceeding which shall be based upon the proposal first filed with the executive officer.

56656. REPEALED.

56657 [56827.5]. Notwithstanding Section 56655, the commission shall not approve a proposal for incorporation, consolidation of districts, dissolution, merger, or establishment of a subsidiary district, or a reorganization that includes any of these changes of organization until it has considered any other change of organization which conflicts with the subject proposal and which was submitted to the commission within 60 days of the submission of the subject proposal.

56658 [56828]. (a) Any petitioner or legislative body desiring to initiate proceedings shall submit an application to the executive officer of the principal county.

(b) Immediately after receiving an application and before issuing a certificate of filing, the executive officer shall give mailed notice that the application has been received to each interested agency, each subject agency, the county committee on school district organization, and each school superintendent whose school district overlies the subject area. The notice shall generally describe the proposal and the affected territory. The executive officer shall not be required to give notice pursuant to this subdivision if a local agency has already given notice pursuant to subdivision (b) of Section 56654.

(c) If a special district is, or as a result of a proposal will be, located in more than one county, the executive officer of the principal county shall immediately give the executive officer of each other affected county mailed notice that the application has been received. The notice shall generally describe the proposal and the affected territory.

(d) Except when a commission is the lead agency pursuant to Section 21067 of the Public Resources Code, the executive officer shall determine within 30 days of receiving an application whether the application is complete and acceptable for filing or whether the application is incomplete.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(e) The executive officer shall not accept an application for filing and issue a certificate of filing for at least 20 days after giving the mailed notice required by subdivision (b). The executive officer shall not be required to comply with this subdivision in the case of an application which meets the requirements of Section 56663 or in the case of an application for which a local agency has already given notice pursuant to subdivision (b) of Section 56654.

(f) If the appropriate fees have been paid, an application shall be deemed accepted for filing if no determination has been made by the executive officer within the 30-day period. An executive officer shall accept for filing, and file, any application submitted in the form prescribed by the commission and containing all of the information and data required pursuant to Section 56652.

(g) When an application is accepted for filing, the executive officer shall immediately issue a certificate of filing to the applicant. A certificate of filing shall be in the form prescribed by the executive officer and shall specify the date upon which the proposal shall be heard by the commission. From the date of issuance of a certificate of filing, or the date upon which an application is deemed to have been accepted, whichever is earlier, an application shall be deemed filed pursuant to this division.

(h) If an application is determined not to be complete, the executive officer shall immediately transmit that determination to the applicant specifying those parts of the application which are incomplete and the manner in which they can be made complete.

(i) Following the issuance of the certificate of filing, the executive officer shall proceed to set the proposal for hearing and give published notice thereof as provided in this part. The date of the hearing shall be not more than 90 days after issuance of the certificate of filing or after the application is deemed to have been accepted, whichever is earlier. Notwithstanding Section 56106, the date for conducting the hearing, as determined pursuant to this subdivision, is mandatory.

56660 [56834]. The executive officer shall give notice of any hearing by the commission by publication, as provided in Sections 56153 and 56154, and by posting, as provided in Sections 56158 and 56159.

56661 [56835]. To the extent that the commission maintains an Internet web site, notice of all public hearings shall be made available in electronic format on that site. The executive officer shall also give mailed notice of any hearing by the commission, as provided in Sections 56155 to 56157, inclusive, by mailing notice of the hearing or transmitting via electronic mail if available to the recipient, to all of the following persons and entities:

(a) To each affected local agency, by giving notice to each elected local official, each member of the governing body, and the executive officer of the agency.

(b) To the proponents, if any.

(c) To each person who has filed a written request for special notice with the executive officer.

(d) If the proposal is for any annexation or detachment, or for a reorganization providing for the formation of a new district, to each city within three miles of the exterior boundaries of the territory proposed to be annexed, detached, or formed into a new district.

(e) If the proposal is to incorporate a new city or for the formation of a district, to the affected county.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(f) If the proposal includes the formation of, or annexation of territory to, a fire protection district formed pursuant to the Fire Protection District Law of 1987, Part 3 (commencing with Section 13800) of Division 12 of the Health and Safety Code, and all or part of the affected territory has been classified as a state responsibility area, to the Director of Forestry and Fire Protection.

(g) If the proposal would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), to the Director of Conservation.

(h) To all registered voters and owners of property, as shown on the most recent assessment roll being prepared by the county at the time the commission adopts a resolution of application, within 300 feet of the exterior boundary of the property that is the subject of the hearing at least 20 days prior to the hearing. In lieu of the assessment roll, the agency may use the records of the county assessor or tax collector or any other more current record. Notice must also either be posted or published in one newspaper 20 days prior to the hearing. If this section would require more than 1,000 notices to be mailed, then notice may instead be provided pursuant to paragraph (1) of subdivision (b) of Section 65954.6.

56662 [56836]. (a) The commission may make either of the following determinations without notice and hearing:

(1) Subject to the limitations of Section 56663, approval or disapproval of a proposal for an annexation, detachment, or reorganization which consists solely of annexations or detachments, or both.

(2) Subject to the limitations of Section 56663, approval or disapproval of the formation of a county service area.

(b) Except for the determinations authorized to be made by subdivision (a), the commission shall not make any determinations upon any proposal, plan of reorganization, or report and recommendation of a reorganization committee until after public hearing by the commission on that proposal, plan of reorganization, or report and recommendation of a reorganization committee.

56663 [56837]. (a) If a petition for an annexation, a detachment, or a reorganization consisting solely of annexations or detachments, or both, or the formation of a county service area is signed by all of the owners of land within the affected territory of the proposed change of organization or reorganization, or if a resolution of application by a legislative body of an affected district, affected county, or affected city making a proposal for an annexation or detachment, or for a reorganization consisting solely of annexations or detachments, or both, or the formation of a county service area is accompanied by proof, satisfactory to the commission, that all the owners of land within the affected territory have given their written consent to that change of organization or reorganization, the commission may approve or disapprove the change of organization or reorganization, without notice and hearing by the commission. In those cases, the commission may also approve and conduct proceedings for the change of organization or reorganization under any of the following conditions:

(1) Without notice and hearing.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(2) Without an election.

(3) Without notice, hearing, or an election.

(b) The executive officer shall give any affected agency mailed notice of the filing of the petition or resolution of application initiating proceedings by the commission. The commission shall not, without the written consent of the subject agency, take any further action on the petition or resolution of application for 10 days following that mailing. Upon written demand by an affected local agency, filed with the executive officer during that 10-day period, the commission shall make determinations upon the petition or resolution of application only after notice and hearing on the petition or resolution of application. If no written demand is filed, the commission may make those determinations without notice and hearing. By written consent, which may be filed with the executive officer at any time, a subject agency may do any of the following:

(1) Waive the requirement of mailed notice.

(2) Consent to the commission making determinations without notice and hearing.

(3) Waive the requirement of mailed notice and consent to the commission making determinations without notice and hearing.

(c) In the case of uninhabited territory, the commission may waive protest proceedings pursuant to Part 4 commencing with Section 57000 entirely if all of the following conditions apply:

(1) All the owners of land within the affected territory have given their written consent to the change of organization or reorganization.

(2) All affected local agencies that will gain or lose territory as a result of the change of organization or reorganization have consented in writing to a waiver of protest proceedings.

(3) The commission has provided written notice of commission proceedings to all property owners and registered voters within the subject territory and no opposition is received prior to or during the commission meeting.

(d) In the case of inhabited city and district annexations or detachments, or both, the commission may waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely if all of the following conditions apply:

(1) The commission has provided written notice of commission proceedings to all registered voters and landowners within the affected territory and no opposition from registered voters or landowners within the affected territory is received prior to or during the commission meeting. The written notice shall disclose to the registered voters and landowners that unless opposition is expressed regarding the proposal or the commission's intention to waive protest proceedings, that there will be no subsequent protest and election proceedings.

(2) All affected local agencies that will gain or lose territory as a result of the change of organization or reorganization have consented in writing to a waiver of protest proceedings.

56664 [56838]. Where the commission desires to provide for notice and hearing prior to making a determination on a matter which the commission is authorized, but not required, to determine without notice and hearing, the commission shall order a public hearing on that matter and set a date, time, and place for the hearing. The date of hearing shall not be more than 90 days after the date of the order.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56665 [56833]. The executive officer shall review each application which is filed with the executive officer and shall prepare a report, including his or her recommendations on the application. The report shall be completed not less than five days prior to the date specified in the notice of hearing. Upon completion, the executive officer shall furnish copies of the report to each of the following:

- (a) The officers or persons designated in the application.
- (b) Each local agency whose boundaries or sphere of influence would be changed by the proposal or recommendation.
- (c) Each affected local agency which has filed a request for a report with the executive officer.
- (d) The executive officer of another affected county when a district is or will be located in that other county.
- (e) Each affected city.

56666 [56840]. (a) The hearing shall be held by the commission upon the date and at the time and place specified. The hearing may be continued from time to time but not to exceed 70 days from the date specified in the original notice.

(b) At the hearing, the commission shall hear and receive any oral or written protests, objections, or evidence which shall be made, presented, or filed, and consider the report of the executive officer and the plan for providing services to the territory prepared pursuant to Section 56653.

56667 [56840.5]. If the report filed pursuant to Section 56665 indicates that more than 50 percent of the land proposed for incorporation is owned by or dedicated to the use of a city or county and that the proposed incorporation would result in a revenue loss to that city or county, and at the hearing held pursuant to Section 56666 the board of supervisors of the county or city council of the city presents a resolution objecting to the incorporation, no further proceedings shall be conducted by the commission and no new proposal involving incorporation of substantially the same territory shall be initiated for one year. In the absence of a resolution of objection from a city or county, the commission may approve the proposal only if it imposes as a condition thereto that the newly incorporated city may not adopt any regulation or policy which would have a negative fiscal impact on any contract existing at the time of the incorporation which is related to the publicly owned land. This section shall not preclude the completion of proceedings to incorporate territory which is the subject of incorporation proceedings filed with the executive officer of the commission prior to February 15, 1986.

56668 [56841]. Factors to be considered in the review of a proposal shall include, but not be limited to, all of the following:

- (a) Population, population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(b) Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas. "Services," as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

(c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

(d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.

(e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

(f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

(g) Consistency with city or county general and specific plans.

(h) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.

(i) The comments of any affected local agency.

(j) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for such services following the proposed boundary change.

(k) Timely availability of water supplies adequate for projected needs including, but not limited to, the projected needs as specified in section 65352.5.

(l) The extent to which the proposal will assist the receiving entity in achieving its fair share of the regional housing needs as determined by the appropriate council of governments.

(m) Any information or comments from the land owner or owners.

(n) Any information relating to existing land use designations.

56668.3 [57079.5]. (a) If the proposed change of organization or reorganization includes a city detachment or district annexation, except a special reorganization, and the proceeding has not been terminated based upon receipt of a resolution requesting termination pursuant to either Section 56751 or Section 56857, factors to be considered by the commission shall include all of the following:

(1) Whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.

(2) The commission's resolution making determinations.

(3) Any factors which may be considered by the commission as provided in Section 56668.

(4) Any resolution objecting to the action which may be filed by an affected agency.

(5) Any other matters which the commission deems material.

(b) The commission must give great weight to any resolution objecting to the action which is filed by a city or a district. The commission's consideration shall be based only on financial or service related concerns expressed in the protest. Except for findings regarding the value of written protests, the commission is not required to make any express findings concerning any of the factors considered by the commission.

56668.5. The commission may, but is not required to, consider the regional growth goals and policies established by a collaboration of elected officials only, formally representing their local jurisdictions in an official capacity on a regional or subregional basis. This section does not grant any new powers or authority to the commission or any other body to establish regional growth goals and policies independent of the powers granted by other laws.

CHAPTER 2. FORM, FILING, AND CERTIFICATION OF PETITION

56700. A proposal for a change of organization or a reorganization may be made by petition. The petition shall do all of the following:

- (a) State that the proposal is made pursuant to this part.
- (b) State the nature of the proposal and list all proposed changes of organization.
- (c) Set forth a description of the boundaries of affected territory accompanied by a map showing the boundaries.
- (d) Set forth any proposed terms and conditions.
- (e) State the reason or reasons for the proposal.
- (f) State whether the petition is signed by registered voters or owners of land.
- (g) Designate not to exceed three persons as chief petitioners, setting forth their names and mailing addresses.
- (h) Request that proceedings be taken for the proposal pursuant to this part.
- (i) State whether the proposal is consistent with the sphere of influence of any affected city or affected district.

56700.1. Expenditures for political purposes related to an organization or reorganization proposal which has been submitted to a commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures to be presented to the electorate.

56700.4. (a) Before circulating any petition for change of organization, the proponent shall file with the executive officer a notice of intention which shall include the name and mailing address of the proponent and a written statement, not to exceed 500 words in length, setting forth the reasons for the proposal. The notice shall be signed by a representative of the proponent, and shall be in substantially the following form:

Notice of Intent to Circulate Petition

Notice is hereby given of the intention to circulate a petition proposing
to . The reasons for the proposal are:

(b) After the filing required pursuant to subdivision (a), the petition may be circulated for signatures.

(c) Upon receiving such notice, the executive officer shall notify any affected jurisdictions.

(d) The notice requirements of this section shall apply in addition to any other applicable notice requirements.

56703. A petition may consist of a single instrument or separate counterparts. All petitions shall be filed with the executive officer. All counterparts of a petition or of any supplemental petition, shall be filed at the same time.

56704. (a) Each person signing a petition shall, at the time he or she signs the petition, affix after his or her signature the date upon which he or she signs the petition.

(b) If a petition is signed by registered voters, each person signing the petition shall, in addition to his or her signature, affix the date upon which he or she signs the petition and indicate on the petition his or her place of residence, giving street and number or other designation sufficient to enable the place of residence to be readily ascertained.

(c) If a petition is signed by owners of land, each person signing the petition shall, in addition to the signature and the date on which he or she signs the petition, include a written description sufficient to identify the location of the land owned by each person signing the petition.

56705. (a) Except as otherwise provided in subdivision (b), no petition shall be accepted for filing unless the signatures on the petition are secured within six months of the date on which the first signature on the petition was affixed and the petition is submitted to the executive officer for filing within 60 days after the last signature is affixed. If the elapsed time between the date on which the last signature is affixed and the date on which the petition is submitted for filing is more than 60 days, the executive officer shall file the petition in accordance with Section 56709.

(b) (1) Notwithstanding subdivision (a), in cities with a population of more than 100,000 residents that are located in a county with a population of over 4,000,000, no petition shall be accepted for filing unless the signatures thereon have been secured within 90 days of the publication of the notice required pursuant to Section 56760 and the petition is submitted to the executive officer for filing within 60 days after the last signature is affixed. If the elapsed time between the date on which the last signature is affixed and the date on which the petition is submitted for filing is more than 60 days, the executive officer shall file the petition in accordance with Section 56709.

(2) This subdivision shall not apply to a petition for a special reorganization, as defined in Section 56075.5. Subdivision (a) shall apply to a special reorganization, as defined in Section 56075.5, regardless of the number of residents in the city or county in which signatures have been secured on the petition. This paragraph is declaratory of existing law.

56706. (a) Within 30 days after the date of receiving a petition, the executive officer shall cause the petition to be examined by the county elections official, in accordance with Sections 9113 to

9115, inclusive, of the Elections Code and shall prepare a certificate of sufficiency indicating whether the petition is signed by the requisite number of signers.

(b) (1) Except as provided in paragraph (2), if the certificate of the executive officer shows the petition to be insufficient, the executive officer shall immediately give notice by certified mail of the insufficiency to the proponents, if any. That mailed notice shall state in what amount the petition is insufficient. Within 15 days after the date of the notice of insufficiency, a supplemental petition bearing additional signatures may be filed with the executive officer.

(2) Notwithstanding paragraph (1), the proponents of the petition may, at their option, collect signatures for an additional 15 days immediately following the statutory period allowed for collecting signatures without waiting for notice of insufficiency. Any proponent choosing to exercise this option may not file a supplemental petition as provided in paragraph (1).

(c) Within 10 days after the date of filing a supplemental petition, the executive officer shall examine the supplemental petition and certify in writing the results of his or her examination.

(d) A certificate of sufficiency shall be signed by the executive officer and dated. That certificate shall also state the minimum signature requirements for a sufficient petition and show the results of the executive officer's examination. The executive officer shall mail a copy of the certificate of sufficiency to the proponents, if any.

56707. If a petition is signed by registered voters, the executive officer shall cause the names of the signers on the petition to be compared with the voters' register in the office of the county clerk or registrar of voters and ascertain both of the following:

- (a) The number of registered voters in the affected territory.
- (b) The number of qualified signers appearing upon the petition.

56708. If a petition is signed by owners of land, the executive officer shall cause the names of the signers on the petition to be compared with the names of the persons shown as owners of land on the most recent assessment roll being prepared by the county at the time the conducting authority adopts a resolution of application of the county and ascertain, to the extent possible, both of the following:

- (a) The total number of landowners within the territory and the total assessed valuation of all land within the affected territory.
- (b) The total number of landowners represented by qualified signers and the total assessed valuation of land owned by qualified signers.

56709. If the petition, including any supplemental petition, is certified to be insufficient, it shall be filed with the executive officer as a public record, without prejudice to the filing of a new petition. The executive officer shall give mailed notice to the chief petitioners, if any, stating that the petition has been found to be insufficient.

56710. For purposes of evaluating the sufficiency of any petition signed by owners of land:

- (a) The assessed value to be given land exempt from taxation or owned by a public agency shall be determined by the county assessor, at the request of the executive officer, in the same

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

amount as the county assessor would assess that land, if the land were not exempt from taxation or owned by a public agency.

(b) The value given land held in joint tenancy or tenancy in common shall be determined in proportion to the proportionate interest of the petitioner in that land.

(c) The executive officer shall disregard the signature of any person not shown as owner on the most recent assessment roll being prepared by the county at the time the conducting authority adopts a resolution of application unless prior to certification the executive officer is furnished with written evidence, satisfactory to the executive officer, that the signer meets any of the following requirements:

- (1) Is a legal representative of the owner.
- (2) Is entitled to be shown as owner of land on the next assessment roll.
- (3) Is a purchaser of land under a recorded written agreement of sale.
- (4) Is authorized to sign for, and on behalf of, any public agency owning land.

56711. Any public or federal agency owning land within the territory which is the subject of the proposed change of organization or reorganization shall be deemed a landowner for the purpose of the signing and certification of a petition for the change of organization or reorganization. That agency may authorize the petition to be signed for the agency, and on behalf of the agency, by any duly authorized officer or employee.

CHAPTER 3. PROCEEDINGS FOR CITIES

Article 1. Incorporation

56720 [56375.1]. The commission shall not approve or conditionally approve any proposal which includes an incorporation, unless the commission finds, based on the entire record, that:

(a) The proposed incorporation is consistent with the intent of this division, including, but not limited to, the policies of Sections 56001, 56300, 56301, and 56377.

(b) It has reviewed the spheres of influence of the affected local agencies and the incorporation is consistent with those spheres of influence.

(c) It has reviewed the comprehensive fiscal analysis prepared pursuant to Section 56800 and the Controller's report prepared pursuant to Section 56801.

(d) It has reviewed the executive officer's report and recommendation prepared pursuant to Section 56665, and the testimony presented at its public hearing.

(e) The proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation.

56722 [56701]. If a petition is for incorporation of a new city or consolidation of cities, the petition may propose a name for the new or consolidated city. The proposed name for the new or consolidated city may contain the word "town."

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56723 [56702]. If the petition is for incorporation, it may also include provisions for appointment of a city manager and appointment of elective city officials, except city council members.

56727 [56852.5]. (a) If the commission approves a proposal which includes the incorporation of a city, the resolution making determinations shall, upon the incorporation applicant's request, specify that the first election of city officers is to be held after voter approval of the proposal.

(b) If the applicant has submitted an application to the commission prior to the effective date of this section, the applicant may request that the election of city officers be held after the vote on the incorporation proposal.

(c) If the election of city officers is to be conducted after the vote on the incorporation proposal, the commission shall not set the effective date to be sooner than the election date of the city officers.

Article 2. Special reorganization

56728.5 [56657]. (a) The sum of three hundred twenty thousand dollars (\$320,000) is hereby appropriated from the General Fund to the Local Agency Formation Commission of the County of Los Angeles for the purpose of conducting a study to determine whether it is feasible for the Harbor Area, consisting of the communities of San Pedro, Wilmington, and Harbor City, to detach from the City of Los Angeles and to incorporate as a new city.

(b) This section shall remain in effect only until January 1, 2002, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2002, deletes or extends that date.

56730. Proceedings for a special reorganization shall be conducted in accordance with the procedures otherwise prescribed for incorporation of a city, including, but not limited to, the provisions specified in sections 56720, 56800, 56810, and 56815. Notwithstanding any other provision of this division, an election, if required, shall be conducted in accordance with sections 57119 and 57132.5.

Article 3. Annexation and Other Changes of Organization

56737 [56375(g)]. When a change of organization or a reorganization includes the annexation of inhabited territory to a city and the assessed value of land within the territory equals one-half or more of the assessed value of land within the city, or the number of registered voters residing within the territory equals one-half or more of the number of registered voters residing within the city, the commission may determine as a condition of the proposal that the change of organization or reorganization shall also be subject to confirmation by the voters in an election to be called, held, and conducted within the territory of the city to which annexation is proposed.

56738 [56700.3]. If the proposal would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), then the petition shall state whether the city shall succeed to the contract

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

pursuant to Section 51243 or whether the city intends to exercise its option to not succeed to the contract pursuant to Section 51243.5.

56740 [56108]. (a) No tidelands or submerged lands, as defined in subdivision (g), which are owned by the state or by its grantees in trust shall be incorporated into, or annexed to, a city, except lands which may be approved by the State Lands Commission.

(b) If those tidelands or submerged lands are included within the boundaries of any territory proposed to be incorporated into, or annexed to, a city, a description of the boundaries, together with a map showing the boundaries, shall be filed with the State Lands Commission by the proponents of the incorporation or annexation. The filing with the State Lands Commission shall be made prior to the executive officer issuing a certificate of filing for the proposal.

(c) The State Lands Commission shall approve or disapprove all portions of the boundaries located upon the tidelands or submerged lands. In making that determination, it shall, where feasible and appropriate, require any extensions of land boundaries of the city or proposed city to be at right angles to the general direction of the shoreline at each point of intersection of the shoreline with the land boundaries of the city or proposed city. However, in the interest of ensuring an orderly and equitable pattern of offshore boundaries, the State Lands Commission may establish angles and other courses for each offshore boundary it deems necessary considering any irregularity of the shoreline, other geographical features, the effect of incorporation or annexation of the offshore or submerged lands on the uplands of the city, or proposed city, and adjoining territory, and the existing and potential boundaries of other cities and of unincorporated communities.

(d) Within 45 days after the filing of the boundary description and map with the State Lands Commission, the State Lands Commission shall make a determination of the proper offshore or submerged lands boundaries. That determination shall be final and conclusive. If the State Lands Commission does not make the determination within that time, the proposed offshore or submerged lands boundaries shall be deemed approved.

(e) The State Lands Commission shall report its determination to the executive officer and to each affected city, affected county, affected district, or person, if any, that has filed the boundary description and map. Thereafter, filings and action may be taken pursuant to this part.

(f) The local agency formation commission may review and make determinations as to all portions of the boundaries, other than those offshore or submerged lands boundaries.

(g) "Submerged lands," as used in this section, includes, but is not limited to, lands underlying navigable waters which are in sovereign ownership of the state whether or not those waters are subject to tidal influences.

56741 [56110]. Territory may not be annexed to a city unless it is located in the same county. Unless otherwise provided in this division, territory may not be annexed to a city unless it is contiguous to the city at the time the proposal is initiated pursuant to this part. Territory incorporated as a city shall be located within one county and, except as otherwise provided in Section 56742, shall be contiguous with all other territory being incorporated as a city.

56742 [56111]. Notwithstanding Section 56741, upon approval of the commission a city may annex noncontiguous territory not exceeding 300 acres in area, which is located in the same county as that in which the city is situated, and which is owned by the city and is being used for municipal purposes at the time commission proceedings are initiated. If, after the completion of the annexation, the city sells that territory or any part of that territory, all of the territory which is no longer owned by the city shall cease to be a part of the city. Territory which is used by a city for reclamation, disposal, and storage of treated waste water may be annexed to the city pursuant to this section without limitation as to the size of the area encompassed within the territory so annexed. If territory is annexed pursuant to this section, the annexing city may not annex any territory not owned by the city and not contiguous to the city, although the territory is contiguous to the territory annexed pursuant to this section. Notwithstanding any other provision of this section, a city which annexes territory pursuant to this section may annex additional territory in the same county as that in which the city is situated which is owned by the United States government or the State of California and which is contiguous to the first-annexed territory if the total acreage of the first-annexed and the subsequently annexed territory together does not exceed 300 acres in area. If after the completion of the subsequent annexation, the city sells all or any part of the first-annexed territory, the subsequently annexed territory shall cease to be part of the city if the subsequently annexed territory is no longer contiguous to territory owned by the city. When territory ceases to be part of a city pursuant to this section, the legislative body of the city shall adopt a resolution confirming the detachment. The resolution shall describe the detached territory and shall be accompanied by a map indicating the territory. Immediately upon adoption of the resolution, the city clerk shall make any filing required by Chapter 3 commencing with Section 57200). If territory annexed to a city pursuant to this section becomes contiguous to the city, the limitations imposed by this section shall cease to apply.

56742.5. (a) Notwithstanding 56741, upon approval of the commission any city may annex noncontiguous territory which constitutes a state correctional facility or a state correctional training facility. If after the completion of the annexation the State of California sells that territory or any part thereof, all of that territory which is no longer owned by the state shall cease to be a part of the city which annexed the territory.

(b) If territory is annexed pursuant to this section, the city may not annex any territory not owned by the State of California and not contiguous to the city although that territory is contiguous to the territory annexed pursuant to this section.

(c) When territory ceases to be part of the city pursuant to this section, the legislative body of the city shall adopt a resolution confirming the detachment of that territory from the city. The resolution shall describe the detached territory and shall be accompanied by a map indicating the territory. Immediately upon adoption of the resolution, the city clerk shall make any filing provided for by Chapter 8 (commencing with Section 57200) of Part 4 of Division 3.

(d) If territory annexed pursuant to this section becomes contiguous to the city, the limitations imposed by this section shall cease to apply.

(e) A city may enter into an agreement with any other city under which the city apportions any increase in state subventions resulting from the annexation of territory pursuant to this section.

56743 [56111.5]. (a) Notwithstanding Section 56741, upon approval of the commission a city may annex noncontiguous territory not exceeding 3,100 acres in area, which is located in the same county as that in which the city is situated, and which is owned by the city and is being used for municipal water purposes at the time preliminary proceedings are initiated pursuant to Part 3 (commencing with Section 56650). If, after the completion of the annexation, the city sells that territory or any part thereof, all of that territory which is no longer owned by the city shall cease to be a part of the city.

(b) If territory is annexed pursuant to this section, the annexing city may not annex any territory not owned by it and not contiguous to it although that territory is contiguous to the territory annexed pursuant to this section.

(c) When territory ceases to be part of a city pursuant to this section, the legislative body of the city shall adopt a resolution confirming the detachment of that territory from the city. The resolution shall describe the detached territory and shall be accompanied by a map indicating the territory. Immediately upon adoption of the resolution, the city clerk shall make any filing provided for by Chapter 8-3 (commencing with Section 57200) of Part 4.

(d) If territory annexed to a city pursuant to this section becomes contiguous to the city, the limitations imposed by this section shall cease to apply.

(e) If territory is annexed pursuant to this section, it shall be used only for municipal water purposes. The city may, however, enter into agreements to lease the land for timber production or grazing by animals. If the territory is used by the city for any other purpose at any time, it shall cease to be a part of the city.

(f) This section applies only to the City of Willits.

56744 [56109]. Unless otherwise determined by the commission pursuant to subdivision (1) of Section 56375, territory shall not be incorporated into, or annexed to, a city pursuant to this division if, as a result of that incorporation or annexation, unincorporated territory is completely surrounded by that city or by territory of that city on one or more sides and the Pacific Ocean on the remaining sides.

56745 [56112]. If authorized pursuant to Section 56375.3, the commission may order annexation of the territory without an election.

56746 [56113]. (a) The authority to initiate, conduct, and complete any proceeding pursuant to Section 56745 does not apply to any territory which, after January 1, 2000, became surrounded or substantially surrounded by the city to which annexation is proposed. The authority to initiate, conduct, and complete any proceeding pursuant to Section 56745 shall expire January 1, 2007. The period of time between January 1, 2000, and January 1, 2007, shall not include any period of time during which, in an action pending in any court, a local agency is enjoined from conducting proceedings pursuant to Section 56745. Upon final disposition of that case, the previously

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

enjoined local agency may initiate, conduct, and complete proceedings pursuant to Section 56745 for the same period of time as was remaining under that seven-year limit at the time the injunction commenced. However, if the remaining time is less than six months, that authority shall continue for six months following final disposition of the action.

(b) Between January 1, 2000, and January 1, 2007, no new proposal involving the same or substantially the same territory as a proposal initiated pursuant to Section [56748](#) after January 1, 2000, shall be initiated for two years after the date of adoption by the commission of a resolution terminating proceedings.

56747 [56114]. (a) Notwithstanding Section 56031, unincorporated territory consisting of property abutting on a street, highway, or road, and the street, highway, or road, to the extent that it abuts that property, together with the road strip may be annexed to a city pursuant to this division under the following conditions:

(1) The annexation may be made only if the property to be annexed is within the sphere of influence of the annexing city, as adopted by the commission, and lies within an unincorporated area wholly surrounded by the annexing city or the annexing city and the county line or the annexing city and the Pacific Ocean or the annexing city and a boundary of another city.

(2) The property to be annexed shall not be annexed if the distance between the boundary of the annexing city and the point closest to the annexing city at which the road strip connects with the abutting property, as measured by the road strip, is more than one-half mile.

(b) Subsequent annexations to the road strip and abutting territory shall not be made unless both of the following conditions are met:

(1) The distance between the point at which the original road strip abuts the boundary of the annexing city and the point closest to the city at which the road strip connects with the abutting property to be annexed, as measured by the road strip, is one-half mile or less.

(2) The annexation is contiguous to the road strip.

(c) As used in this section:

(1) "Property to be annexed" means the property abutting on a street, highway, or road, and the street, highway, or road, to the extent it abuts the property.

(2) "Road strip" means the street, highway, or road which connects the territory of the property to be annexed to the annexing city.

(d) This section applies only to the City of Cupertino.

56749 [56375.4 (a)(c)]. (a) The commission shall not approve or conditionally approve a change of organization or reorganization that would result in the annexation to a city of territory that is within a farmland security zone created pursuant to Article 7 (commencing with Section 51296) of Chapter 7 of Division 1. However, this subdivision shall not apply under any of the following circumstances:

(1) If the farmland security zone is located within a designated, delineated area that has been approved by the voters as a limit for existing and future urban facilities, utilities, and services.

(2) If annexation of a parcel or a portion of a parcel is necessary for the location of a public improvement, as defined in Section 51290.5, except as provided in subdivision (f) or (g) of Section 51296.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(3) If the landowner consents to the annexation.

(b) This section shall not apply during the three-year period preceding the termination of a farmland security zone contract under Article 7 (commencing with Section 51296) of Chapter 7 of Division 1.

56750 [56375.45]. Notwithstanding Sections 56300 and 56301, the commission shall not disapprove a change of organization or reorganization where the reason for disapproval is that the farmland security zone is excluded from the affected territory.

56751. (a) Upon receipt by the commission of a proposed change of organization or reorganization, except a special reorganization, that includes the detachment of territory from any city, the commission shall place the proposal on the agenda for the next commission meeting for information purposes only and shall transmit a copy of the proposal to any city from which the detachment of territory is requested.

(b) No later than 60 days after the date that the proposal is on the commission's meeting agenda in accordance with subsection (a), an affected city may adopt and transmit to the commission a resolution requesting termination of the proceedings.

(c) If an affected city has adopted and transmitted to the commission a resolution requesting termination of proceedings within the time period prescribed by this section, then the commission shall terminate the proceedings upon receipt of the resolution from the city.

56752 [56800.3]. If the proposal would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), then the resolution shall state whether the city shall succeed to the contract pursuant to Section 51243 or whether the city intends to exercise its option to not succeed to the contract pursuant to Section 51243.5.

56753 [56835(g)]. The executive officer shall give mailed notice of any hearing by the commission, as provided in Sections 56155 to 56157, inclusive, by mailing notice of the hearing to the Director of Conservation if the proposal would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1).

56753.5 [56828.5]. Within 10 days after receiving a proposal that would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), the executive officer shall notify the Director of Conservation of the proposal. The notice shall include the contract number, the date of the contract's execution, and a copy of any protest that the city had filed pursuant to Section 51243.5.

56754 [56842.7]. If a change of organization or reorganization would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), the commission shall determine one of the following:

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(a) That the city shall succeed to the rights, duties, and powers of the county pursuant to Section 51243, or

(b) That the city may exercise its option to not succeed to the rights, duties, and powers of the county pursuant to Section 51243.5.

56755 [56801]. Prior to submitting a resolution of application for the annexation of territory described in Section **56375.3** to the commission, the legislative body adopting the resolution shall conduct a public hearing on the resolution. Notice of the hearing shall be published pursuant to Sections 56153 and 56154. At the hearing, any landowner shall be given an opportunity to present his or her views on the resolution.

56756 [56802]. The clerk of the legislative body adopting a resolution of application shall file a certified copy of that resolution with the executive officer.

56757 [56826]. (a) The commission shall not review a reorganization which includes an annexation to any city in Santa Clara County of unincorporated territory which is within the urban service area of the city if the reorganization is initiated by resolution of the legislative body of the city.

(b) The city council shall be the conducting authority for the reorganization and the proceedings for the reorganization shall be initiated and conducted as nearly as may be practicable in accordance with Part 4 (commencing with Section 57000). The city council, in adopting the resolution approving the reorganization, shall make all of the following findings:

(1) That the unincorporated territory is within the urban service area of the city as adopted by the commission.

(2) That the county surveyor has determined the boundaries of the proposal to be definite and certain, and in compliance with the road annexation policies of the commission. The city shall reimburse the county for the actual costs incurred by the county surveyor in making this determination.

(3) That the proposal does not split lines of assessment or ownership.

(4) That the proposal does not create islands or areas in which it would be difficult to provide municipal services.

(5) That the proposal is consistent with the adopted general plan of the city.

(6) That the territory is contiguous to existing city limits.

(7) That the city has complied with all conditions imposed by the commission for inclusion of the territory in the urban service area of the city.

(c) All reorganizations which involve territory for which the land use designation in the general plan of the city has changed from the time that the urban service area of the city was last adopted by the commission, and which are processed by a city pursuant to this section shall be subject to an appeal to the commission upon submission of a petition of appeal, signed by at least 50 registered voters in the county.

(d) An appeal to the commission may also be made by submission of a resolution of appeal adopted by the legislative body of a special district solely for the purpose of determining whether

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

some or all of the territory contained in the reorganization proposal should also be annexed or detached from that special district.

(e) Any petition submitted under subdivision (c) or resolution submitted under subdivision (d) shall be submitted to the executive officer within 15 days of the adoption by the city council of the resolution approving the annexation. The executive officer shall schedule the hearing for the next regular meeting of the commission as is practicable. The commission may set a reasonable appeal fee.

56758 [56848.5]. If the proposal includes the annexation of inhabited territory to a city with over 100,000 residents which is located in a county with a population of over 4,000,000, no proceedings shall be initiated either by petition or by application of a legislative body unless the proposal is consistent with the sphere of influence of any affected city or affected district.

56759 [56850]. In any order approving a proposal for an annexation or a reorganization which includes annexation of inhabited territory to a city when the assessed value of land within that territory proposed to be annexed equals one-half, or more, of that within the city, as shown by the last equalized assessment rolls, or the number of registered voters of the territory equals one-half, or more, of the number of registered voters within the city, as shown by the county register of voters, the commission shall require that an election called upon the question of confirming the annexation or reorganization shall also be called, held, and conducted within the territory of the city to which territory is proposed to be annexed.

Article 4. Initiation by petition

56760 [56700.5]. (a) Before circulating any petition for change of organization for a city with a population of more than 100,000 which is located in a county with a population of over 4,000,000, the proponents shall publish a notice of intention which shall include a written statement not to exceed 500 words in length, setting forth the reasons for the proposal. The notice shall be published pursuant to Section 56153. The notice shall be signed by at least one, but not more than three, chief petitioners and shall be in substantially the following form:

Notice of Intent to Circulate Petition

Notice is hereby given of the intention to circulate a petition proposing to ____ territory to the City of ____.

The reasons for the proposal are:

(b) Within five days after the date of publication, the chief petitioners shall file with the clerk of the city and the executive officer a copy of the notice together with an affidavit made by a representative of the newspaper in which the notice was published certifying to the fact of publication.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(c) After the filing required pursuant to subdivision (b), the petition may be circulated for signatures.

56764 [56750]. A petition for the incorporation of a city shall be signed by either of the following:

(a) Not less than 25 percent of the registered voters residing in the area to be incorporated, as determined by the commission pursuant to subdivision (f) of Section 56375.

(b) Not less than 25 percent of the number of owners of land within the territory proposed to be incorporated who also own not less than 25 percent of the assessed value of land within the territory proposed to be incorporated, as shown on the last equalized assessment roll of the county.

56765 [56751]. A petition for the disincorporation of a city shall be signed by not less than 25 percent of the registered voters residing in the city proposed to be disincorporated as shown on the county register of voters.

56766 [56752]. A petition for the consolidation of two or more cities shall be signed by not less than 5 percent of the registered voters of each affected city as shown on the county register of voters.

56767 [56753]. (a) Except as otherwise provided in subdivision (b), a petition for annexation of territory to a city shall be signed by either of the following:

(1) Not less than 5 percent of the number of registered voters residing within the territory proposed to be annexed as shown on the county register of voters.

(2) Not less than 5 percent of the number of owners of land within the territory proposed to be annexed who also own 5 percent of the assessed value of land within the territory as shown on the last equalized assessment roll.

(b) Notwithstanding subdivision (a), a petition for the annexation of territory to a city with more than 100,000 residents which is located in a county with a population of over 4,000,000, shall be signed by either of the following:

(1) Not less than 5 percent of the number of registered voters residing within the territory proposed to be annexed as shown on the county register of voters.

(2) Not less than 5 percent of the number of owners of land within the territory proposed to be annexed who also own 5 percent of the assessed value of land within the territory as shown on the last equalized assessment roll.

56768 [56754]. A petition for detachment of territory from a city shall be signed by either of the following:

(a) Not less than 25 percent of the registered voters residing within the territory proposed to be detached, as shown on the county register of voters.

(b) Not less than 25 percent of the number of owners of land within the territory proposed to be detached who also own 25 percent of the assessed value of land within the territory, as shown on the last equalized assessment roll.

CHAPTER 4. FISCAL PROVISIONS

Article 1. Comprehensive fiscal analysis

56800 [56833.1]. For any proposal, which includes an incorporation, the executive officer shall prepare, or cause to be prepared by contract, a comprehensive fiscal analysis. This analysis shall become part of the report required pursuant to Section 56665. Data used for the analysis shall be from the most recent fiscal year for which data are available, provided that the data are not more than one fiscal year old. When data from the most recent fiscal year are unavailable, the executive officer may request supplemental data. The analysis shall review and document each of the following:

- (a) The costs to the proposed city of providing public services and facilities during the three fiscal years following incorporation.
- (b) The revenues of the proposed city during the three fiscal years following incorporation.
- (c) The effects on the costs and revenues of any affected local agency during the three fiscal years of incorporation.
- (d) Any other information and analysis needed to make the findings required by Section 56720.

56801 [56833.3]. (a) For any proposal which includes an incorporation, the executive officer shall, at the request of an interested party, which is submitted pursuant to paragraph (b), and prior to issuing his or her report and recommendation pursuant to Section 56665, request the Controller to review the comprehensive fiscal analysis prepared pursuant to Section 56800. The request by an interested party shall specify in writing the element or elements of the comprehensive fiscal analysis which the Controller is requested to review and the reasons the Controller is requested to review them.

(b) The commission may adopt written procedures for the acceptance, referral, and payment for a request for the Controller's review, which shall include setting a time period during which an interested party is permitted to submit a request pursuant to subdivision (a). The time period for accepting a request shall not be less than 30 days following notice given in the same manner as specified in Section 56153.

(c) Within 45 days of receiving the analysis, the Controller shall issue a report to the executive officer regarding the accuracy and reliability of the information, methodologies, and documentation used in the analysis. The times within which the executive officer or commission is required to act pursuant to this chapter shall be tolled for the time required by the Controller for completion of the report. The executive officer shall include the results of the Controller's report into his or her own report and recommendation issued pursuant to Section 56665.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(d) Notwithstanding Sections 56378 and 56386, the Controller may charge the commission for the actual costs incurred pursuant to this section. The commission may recover these costs by charging the person who requested the Controller's review.

56802 [56833.5]. (a) For any proposal for incorporation of the territory within the Mountain House Community Services District, San Joaquin County shall provide the required funds to those petitioners filing the incorporation application for all costs involved in filing the application for incorporation pursuant to this division, including the preparation of the comprehensive fiscal analysis pursuant to Section 56800.

(b) The funds provided by the county pursuant to this section shall not be construed to be a gift of public funds and may only be granted to a quasi-public or nonprofit organization formed for the purpose of pursuing incorporation of the Mountain House area.

(c) San Joaquin County shall provide the funds required in subdivision (a) only one time, upon the first filing of application for incorporation.

56803 [56852.3]. If the commission approves a proposal, which includes the incorporation of a city, the resolution making determinations shall accept or reject each of the findings and recommendations made in the executive officer's report prepared pursuant to Section 56665, and the fiscal analysis prepared pursuant to Section 56800. If the commission rejects a finding or recommendation, the resolution making determinations shall include findings by the commission which present the basis for any rejection.

Article 2. Property tax exchange

56810 [56842]. (a) (1) If the proposal includes the incorporation of a city, as defined in Section 56043, the commission shall determine the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section and Section 56815.

(2) If the proposal includes the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, the commission shall determine the amount of property tax to be exchanged by the affected local agency pursuant to this section.

(b) The commission shall notify the county auditor of the proposal and the services, which the new jurisdiction proposes to assume within the area, and identify for the auditor the existing service providers within the area subject to the proposal.

(c) If the proposal would not transfer all of an affected agency's service responsibilities to the proposed city or district, the commission and the county auditor shall do all of the following:

(1) The county auditor shall determine the proportion that the amount of property tax revenue derived by each affected local agency pursuant to subdivision (b) of Section 93 of the Revenue and Taxation Code bears to the total amount of revenue from all sources, available for general purposes, received by each affected local agency in the prior fiscal year. For purposes of making this determination and the determination required by paragraph (3), "total amount of revenue from all sources available for general purposes" means the total amount of revenue which an affected local agency may use on a discretionary basis for any purpose and does not include any of the following:

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(A) Revenue which, by statute, is required to be used for a specific purpose.

(B) Revenue from fees, charges, or assessments which are levied to specifically offset the cost of particular services and do not exceed the cost reasonably borne in providing these services.

(C) Revenue received from the federal government which is required to be used for a specific purpose.

(2) The commission shall determine, based on information submitted by each affected local agency, an amount equal to the total net cost to each affected local agency during the prior fiscal year of providing those services which the new jurisdiction will assume within the area subject to the proposal. For purposes of this paragraph, "total net cost" means the total direct and indirect costs which were funded by general purpose revenues of the affected local agency and excludes any portion of the total cost which was funded by any revenues of that agency which are specified in subparagraphs (A), (B), and (C) of paragraph (1).

(3) The commission shall multiply the amount determined pursuant to paragraph (2) for each affected local agency by the corresponding proportion determined pursuant to paragraph (1) to derive the amount of property tax revenue used to provide services by each affected local agency during the prior fiscal year within the area subject to the proposal. The county auditor shall adjust the amount described in the previous sentence by the annual tax increment according to the procedures set forth in Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code, to the fiscal year in which the new city or district receives its initial allocation of property taxes.

(4) For purposes of this subdivision, in any county in which, prior to the adoption of Article XIII A of the California Constitution, and continuing thereafter, a separate fund or funds were established consisting of revenues derived from the unincorporated area of the county and from which fund or funds services rendered in the unincorporated area have been paid, the amount of property tax revenues derived pursuant to paragraph (3), may, at the discretion of the commission, be transferred to the proposed city over a period not to exceed 12 fiscal years following its incorporation. In determining whether the transfer of the amount of property tax revenues determined pursuant to paragraph (3) shall occur entirely within the fiscal year immediately following the incorporation of the proposed city or shall be phased in over a period not to exceed 12 full fiscal years following the incorporation, the commission shall consider each of the following:

(A) The total amount of revenue from all sources available to the proposed city.

(B) The fiscal impact of the proposed transfer on the transferring agency.

(C) Any other relevant facts which interested parties to the exchange may present to the commission in written form. The decision of the commission shall be supported by written findings setting forth the basis for its decision.

(d) If the proposal would transfer all of an affected agency's service responsibilities to the proposed city or district, the commission shall request the auditor to determine the property tax revenue generated for the affected service providers by tax rate area, or portion thereof, and transmit that information to the commission.

(e) The executive officer shall notify the auditor of the amount determined pursuant to paragraph (3) of subdivision (c) or subdivision (d), as the case may be, and, where applicable, the period of time within which and the procedure by which the transfer of property tax revenues

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

will be effected pursuant to paragraph (4) of subdivision (c), at the time the executive officer records a certificate of completion pursuant to Section 57203 for any proposal described in subdivision (a), and the auditor shall transfer that amount to the new jurisdiction.

(f) The amendments to this section enacted during the 1985-86 Regular Session of the Legislature shall apply to any proposal described in subdivision (a) for which a certificate of completion is recorded with the county recorder on or after January 1, 1987.

(g) For purposes of this section, "prior fiscal year" means the most recent fiscal year for which data on actual direct and indirect costs and revenues needed to perform the calculations required by this section are available preceding the fiscal year in which the commission approves by resolution the city's proposal to incorporate or the district's proposal to form.

(h) An action brought by a city or district to contest any determinations of the county auditor or the commission with regard to the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section shall be commenced within three years of the effective date of the city's incorporation or the district's formation. These actions may be brought by any city that incorporated or by any district that formed on or after January 1, 1986.

(i) This section applies to any city that incorporated or district that formed on or after January 1, 1986.

(j) The calculations and procedures specified in this section shall be made prior to and shall be incorporated into the calculations specified in Section 56815.

56810.5. REPEALED.

56811 [56842.5]. If a proposal includes the formation of a district, the commission shall determine the appropriations limit of the district in accordance with Section 7902.7 and Article XIII B of the California Constitution.

56812 [56842.6]. (a) If a proposal includes the incorporation of a city, the commission shall determine the provisional appropriations limit of the city in accordance with Section 7902.7 and Article XIII B of the California Constitution. The commission shall determine the provisional appropriations limit of the city in the following manner:

(1) Estimate the amount of revenue anticipated to be received by the city from the proceeds of taxes for the first full fiscal year of operation.

(2) Adjust the amount determined in paragraph (1) for the estimated change in the cost of living and population in the next full fiscal year of operation and such other changes as may be required or permitted by Article XIII B of the California Constitution.

(b) The governing body of the city shall determine the proposed permanent appropriations limit of the city to be submitted to the voters in the following manner:

(1) Determine the amount of revenue actually received by the city from the proceeds of taxes for the first full fiscal year of operation.

(2) Adjust the amount determined in paragraph (1) for the estimated change in the cost of living and population in the next full fiscal year of operation and such other changes as may be required or permitted by Article XIII B of the California Constitution.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(c) The permanent appropriations limit of the city shall be set at the first municipal election which is held following the first full fiscal year of operation and shall not be considered to be a change in the appropriations limit of the city pursuant to Section 4 of Article XIII B of the California Constitution.

Article 3. Revenue neutrality

56815 [56845]. (a) It is the intent of the Legislature that any proposal that includes an incorporation should result in a similar exchange of both revenue and responsibility for service delivery among the county, the proposed city, and other subject agencies. It is the further intent of the Legislature that an incorporation should not occur primarily for financial reasons.

(b) The commission shall not approve a proposal that includes an incorporation unless it finds that the following two quantities are substantially equal:

(1) Revenues currently received by the local agency transferring the affected territory which, but for the operation of this section, would accrue to the local agency receiving the affected territory.

(2) Expenditures currently made by the local agency transferring the affected territory for those services which will be assumed by the local agency receiving the affected territory.

(c) Notwithstanding subdivision (b), the commission may approve a proposal that includes an incorporation if it finds either of the following:

(1) The county and all of the subject agencies agree to the proposed transfer.

(2) The negative fiscal effect has been adequately mitigated by tax sharing agreements, lump-sum payments, payments over a fixed period of time, or any other terms and conditions pursuant to Section 56886.

(d) Nothing in this section is intended to change the distribution of growth on the revenues within the affected territory unless otherwise provided in the agreement or agreements specified in paragraph (2) of subdivision (c).

(e) Any terms and conditions that mitigate the negative fiscal effect of a proposal that contains an incorporation shall be included in the commission resolution making determinations adopted pursuant to Section 56880 and the terms and conditions specified in the questions pursuant to Section 57134.

56815.2. By July 1, 2001, the Governor's Office of Planning and Research, in consultation with the State Controller, shall convene a task force composed of representatives of cities, counties, special districts, and local agency formation commissions, as nominated by their statewide organizations and associations, with expertise in local government fiscal issues for the purpose of creating statewide guidelines for the incorporation process. The guidelines shall be completed by January 1, 2002, by the Office of Planning and Research and shall serve as minimum statewide guidelines for the incorporation process. The guidelines shall include, but not be limited to, information to assist incorporation proponents to understand the incorporation process, its timelines, and likely costs. They shall also provide direction to affected agencies regarding the

type of information that should be included in the comprehensive fiscal analysis of an incorporation, as well as suggestions for alternative ways to achieve fiscally neutral incorporations. The guidelines shall be advisory to the commissions in the review of incorporation proposals.

CHAPTER 5. PROCEEDINGS FOR SPECIAL DISTRICTS

Article 1. Representation and functions

56820 [56450]. The commission may take proceedings pursuant to this chapter for the adoption, amendment, or repeal of regulations affecting the functions and services of special districts within the county. Those proceedings may be initiated either by the commission or by independent special districts within the county. If the commission has representation from special districts prior to January 1, 2001, and if the commission has previously adopted regulations limiting the exercise of powers by its special districts as a condition of such representation, such regulations shall be repealed upon the request of a majority of independent special districts within the county.

56820.5 [56451]. The commission may adopt, amend, or repeal regulations affecting the functions and services of special districts within the county. The regulations shall designate the special districts, by type and by principal act, to which they apply and the regulations shall not apply to, or affect the functions and services of, any special districts not so designated. The regulations may do any of the following:

(a) Classify the various types of service which customarily are, or can be, provided within a single function of a special district. A class may be based upon the type of service, the purpose or use of the service, the facilities used to provide the service, the type of consumers or users of the service, the extent of territory provided with the service, and any other factors which, in the opinion of the commission, are necessary or convenient to group persons, properties, or activities into a class having common characteristics distinct from those of other classes.

(b) Require existing districts to file written statements with the commission specifying the functions or classes of service provided by those districts.

(c) Establish the nature, location, and extent of any functions or classes of service provided by existing districts.

(d) Determine that, except as otherwise authorized by the regulations, no new or different function or class of service shall be provided by any existing district.

The regulations shall not apply to the extension or enlargement, within the boundaries of an existing special district, of any function or service which the commission, pursuant to this section, has established is currently being provided by that special district.

56820.7 [56452]. In any county where regulations have been adopted, an application for the formation of a special district shall set forth the functions and services proposed to be provided

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

by the district. If, in the opinion of the commission, approval of the application will necessitate adoption of any new regulations or the amendment or repeal of any existing regulations, the commission may condition approval of the application upon the adoption, amendment, or repeal of the regulations and shall initiate and conduct proceedings pursuant to this chapter for the adoption, amendment, or repeal of those regulations.

56821 [56453]. Either the commission or the legislative body of any independent special district within a county may adopt a resolution initiating proceedings, as follows:

(a) It may propose representation of special districts upon the commission.
(b) It may propose the adoption, amendment, or repeal of regulations affecting the functions and services of special districts, in which case it shall request that the commission do either of the following:

(1) Consider the proposal without reference to a special district advisory committee, in which case the resolution shall contain the text of the regulations proposed to be adopted, amended, or repealed.

(2) Refer the proposal to a special district advisory committee for study, report, and recommendation, in which case the resolution shall generally describe the nature of the regulations proposed to be amended, adopted, or repealed and, if then available, shall refer to a text on file with the clerk of the district for a detailed description of the regulations.

56821.1 [56454]. If the commission adopts a resolution pursuant to subdivision (a) of Section 56821, the executive officer shall immediately call a meeting of the independent special district selection committee referred to in Section 56332. The meeting shall be held not less than 15, or more than 35, days from the adoption of the resolution by the commission. The independent special district selection committee shall meet at the time and place designated by the executive officer and shall consider the resolution adopted by the commission. By majority vote of those district representatives voting on the issue, the selection committee shall either approve or disapprove the resolution adopted by the commission. If the selection committee approves the resolution adopted by the commission, it shall immediately inform the executive officer of that action, and the commission at its next meeting shall adopt a resolution of intention pursuant to Section 56822. If the selection committee disapproves the resolution adopted by the commission, it shall immediately inform the executive officer of this action and all further proceedings under this chapter shall cease.

56821.3 [56455]. If an independent special district adopts a resolution pursuant to subdivision (a) of Section 56821, it shall immediately forward a copy of the resolution to the executive officer. Upon receipt of those resolutions from a majority of independent special districts within a county, adopted by the districts within one year from the date that the first resolution was adopted, the commission, at its next regular meeting, shall adopt a resolution of intention pursuant to Section 56822.

56821.5 [56456]. A certified copy of any resolution which has been adopted by an independent special district pursuant to subdivision (b) of Section 56821 and a copy of the text, if any, of

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

proposed regulations referred to in the resolution shall be filed with the executive officer. If a resolution, or substantially identical resolution, has been filed by a majority of independent special districts within the county, then, not later than 35 days after the filing, the commission shall adopt a resolution of intention in accordance with the filed resolution or resolutions.

56821.7 [56457]. Minor changes in any existing regulation affecting special districts may be ordered by the commission, without adoption of a resolution of intention, notice, and hearing, or reference to a special district advisory committee, if the commission makes a determination that those changes will not substantially affect the functions and services of any special district subject to those regulations and that determination is concurred in by both of the commission members appointed to represent the special districts.

56822 [56458]. Whenever the commission, or the independent special districts, as the case may be, have complied with the applicable provisions of Sections 56821, 56821.1, 56821.3, and 56821.5, the commission shall adopt a resolution of intention pursuant to this section. The resolution of intention shall do all of the following:

(a) State whether the proceedings are initiated by the commission or by an independent special district or districts, in which case, the names of those districts shall be set forth.

(b) If the resolution of intention proposes only the adoption, amendment, or repeal of regulations affecting the functions and services of special districts, it shall state that the commission proposes either of the following:

(1) To consider the proposal without reference to a special district advisory committee, in which case the resolution shall contain the text of the regulations proposed to be adopted, amended, or repealed.

(2) To refer the proposal to a special district advisory committee for study, report, and recommendation, in which case the resolution shall generally describe the nature of the regulations proposed to be amended, adopted, or repealed and, if then available, shall refer to a text on file with the executive officer for a detailed description of the regulations. In addition, the resolution of intention adopted pursuant to this subdivision shall also fix a time, not less than 15 or more than 35 days after the adoption of the resolution of intention, and the place of hearing by the commission on the question of whether the proposal made by the resolution should be disapproved, approved, and ordered without reference to a special district advisory committee, or referred to a special district advisory committee for study, report, and recommendation to the commission.

(c) If the resolution of intention proposes representation of special districts on the commission, it shall state that the commission proposes to refer the proposal to a special district advisory committee and the commission shall immediately order the proposal referred to that committee pursuant to Section 56823.

56822.3 [56459]. If a hearing is called pursuant to subdivision (b) of Section 56822, the executive officer shall give notice of the hearing by publication, as provided in Sections 56153 and 56154, by posting, as provided in Sections 56158 and 56159, and by mailing to the clerk of

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

the county and each local agency within the county, as provided in Sections 56155, 56156, and 56157.

56822.5 [56460]. The hearing referred to in Section 56822.3 shall be held by the commission at the time and place specified or to which the hearing may be continued. After the conclusion of the hearing, the commission shall adopt a resolution disapproving the proposal made by the resolution of intention, approving and ordering the proposal without reference to a special district advisory committee, or ordering the proposal referred to a special district advisory committee for study, report, and recommendation.

56823 [56461]. If the commission orders a proposal referred to a special district advisory committee for study, report, and recommendation, the appointment of, and proceedings by, the advisory committee shall be made and taken substantially in accordance with the provisions of Chapter 6 (commencing with Section 56826), pertaining to reorganization committees, except that the advisory committee shall not be terminated until after the commission acts upon the report and recommendation of the advisory committee. When applied to proceedings taken pursuant to this chapter:

(a) "Plan of reorganization" means a plan containing the text of regulations affecting the functions and services of special districts.

(b) "Proposal of reorganization," "reorganization," or "change of organization" means a proposal made pursuant to this chapter.

(c) "Reorganization committee" means the special district advisory committee.

(d) "Subject district" means an independent special district affected by a proposal made pursuant to this chapter. If the commission is of the opinion that special districts, other than independent special districts, may be affected by the proposal, then, in addition to the appointment of voting members to the advisory committee to represent independent special districts, the commission may authorize the legislative bodies of special districts, other than independent special districts, to appoint nonvoting members to the advisory committee. Any nonvoting member shall have all of the rights of a voting member except the right to vote.

56824 [56462]. Where a special district advisory committee consists of voting members representing more than five independent special districts, the advisory committee may appoint an executive committee to undertake all or part of the study and may authorize the executive committee to prepare a tentative report and recommendation for submission to and approval by the full advisory committee. The executive committee shall consist of the number of voting members as the advisory committee may determine. If the commission authorizes the appointment of nonvoting members to the advisory committee, those nonvoting members may appoint members to the executive committee in numbers not exceeding those appointed by the voting members and any nonvoting member appointed to the executive committee shall have all of the rights of a voting member on the committee, except the right to vote. Upon completion of the studies of the executive committee, the executive committee shall report to the full advisory committee and submit any tentative report and recommendation prepared by the executive committee. Thereafter, the advisory committee may reject any tentative report and

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

recommendation submitted, may adopt any tentative report and recommendation submitted, either as submitted by the executive committee or as changed by the full advisory committee, or the advisory committee may prepare its own report and recommendation.

56824.1 [56463]. Not later than 35 days after the filing with the executive officer of the report and recommendation of a special district advisory committee, the commission shall take one of the following actions:

(a) If the report concerns only the adoption, amendment, or repeal of regulations affecting the functions and services of special districts, the commission may do either of the following:

- (1) Disapprove the report without further notice and hearing.
- (2) Adopt a resolution of intention to hold a hearing on the report pursuant to subdivision (c).

(b) If the report concerns a request for special district representation on the commission, the commission shall adopt a resolution declaring its intention to approve the report and recommendation.

(c) A resolution of intention shall do all of the following:

(1) Refer to the report and recommendation of the special district advisory committee, generally describe the nature and contents of the report and recommendation, and refer to the report and recommendation on file with the executive officer for a detailed description report and recommendation.

(2) Declare the intention of the commission to approve the recommendation and report, as filed or as those regulations may be changed by the commission after notice and hearing.

(3) Fix a time, not less than 15 days, or more than 35 days, after the adoption of the resolution of intention, and the place of hearing by the commission, on the question of whether the report and recommendation filed by the special district advisory committee should be approved, either as filed or as ordered changed by the commission after notice and hearing.

56824.3 [56464]. The executive officer shall give notice of the hearing by publication, as provided in Sections 56153 and 56154, by posting, as provided in Sections 56158 and 56159, and by mailing to the clerk of the county and each local agency within the county, as provided in Sections 56155, 56156, and 56157.

56824.5 [56465]. The hearing shall be held by the commission at the time and place specified or to which the hearing may be continued. During the course of the hearing, the commission may propose changes in the report and recommendations. Any proposed changes shall be referred, for review, to the special district advisory committee, or if the advisory committee has appointed an executive committee, to that executive committee. The advisory committee, or the executive committee, shall have 60 days to report back to the commission. If no report is received by the commission within 60 days, the advisory committee shall be deemed to have approved the proposed changes in the report and recommendation. Within 30 days after the conclusion of the hearing, the commission shall adopt a resolution approving the report and recommendation, either as filed or as those regulations may be changed by the commission.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56824.7 [56466]. Any resolution approving the report and recommendation of a special district advisory committee, either as filed or as changed by the commission, shall order both of the following:

(a) The adoption, amendment, or repeal of regulations, in accordance with the recommendations of the approved report.

(b) The chairperson of the commission to call and give notice of a meeting of the independent special district selection committee to be held within 15 days after the adoption of the resolution if special district representatives on the commission are to be selected pursuant to Section 56332.

Article 2. Reorganization

56825. REPEALED.

56826 [56475]. A reorganization or a plan of reorganization shall provide for one or more changes of organization of any type for each of the subject districts and may provide for the formation of one or more new districts pursuant to the principal act or acts designated in the reorganization or plan of reorganization and Section 56100.

56827 [56476]. (a) Except as provided in subdivision (b), upon the presentation of any petition or applications making a proposal for a reorganization, the commission may take proceedings pursuant to Part 3 (commencing with Section 56650) without referring the proposal to a reorganization committee, as provided in this part.

(b) The commission may refer to a reorganization committee any incorporation proposal that includes, or may be modified to include, any of the following changes of organization affecting an independent special district: consolidation, dissolution, formation, merger, or establishment of a subsidiary district.

56828 [56477]. Before any proposal for reorganization is referred to any reorganization committee, the commission may provide for a public hearing on the question of whether the proposal should be disapproved or referred to a reorganization committee and set a time and place for that hearing.

56829 [56478]. The executive officer shall give notice of that hearing by publication, as provided in Sections 56153 and 56154, and by posting, as provided in Sections 56158 and 56159.

56830 [56479]. The executive officer shall also give mailed notice of any hearing, as provided in Sections 56155 to 56157, inclusive, by mailing notice of hearing to all of the following persons and entities:

(a) Each affected city and affected district.

(b) The chief petitioners, if any.

(c) Each person who has filed a written request for special notice with the executive officer.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56831 [56480]. The hearing shall be held by the commission on the date and at the time and place specified in the notice. After the conclusion of the hearing, the commission shall adopt a resolution doing either of the following:

- (a) Disapproving the proposal of reorganization.
- (b) Ordering the proposal referred to a reorganization committee for study, report, and recommendation.

56832 [56481]. The commission may accept contributions from any source for the purpose of paying the expenses of a reorganization committee in the conduct of its study, report, and recommendation. Any affected county, affected city, or affected district may make contributions for that purpose. The commission and any affected county, affected city, or affected district may make any of its facilities available for the use of a reorganization committee and may authorize any of its officers and employees to furnish advice, assistance, or services to the committee.

56833 [56482]. Any resolution adopted by the commission ordering a proposal of reorganization referred to a reorganization committee shall do all of the following:

- (a) Describe the proposed reorganization and designate the subject districts (the description and designation may be by reference to the proposal).
- (b) Specify the maximum number of members, not to exceed three, to represent each subject district on the committee.
- (c) Fix a time and place for the first meeting of the reorganization committee.
- (d) Designate a date, not less than 60 days from the date of the first meeting of the committee, for the completion and submission to the commission of the report and recommendation of the committee.

56834 [56483]. From time to time during the course of study upon a proposed plan of reorganization, the commission may do any of the following:

- (a) Extend the time for completion and submission of the report and recommendation of a reorganization committee.
- (b) Change the scope of the study by the addition or deletion of territory or of subject districts.
- (c) Authorize the committee to develop, study, report, and make recommendations upon alternative plans of reorganization.

56835 [56484]. At least 15 days before the date of the first meeting of a reorganization committee, the executive officer shall mail a copy of the resolution adopted by the commission to each subject district designated in the resolution.

56836 [56485]. Any person, including, but not limited to, a member of the legislative body of a subject district and an officer or employee of the district, may be appointed as a member to represent the district upon a reorganization committee.

56837 [56486]. (a) The legislative body of each affected district shall appoint one or more members, not to exceed the maximum number specified by the commission, to represent the

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

district on the reorganization committee. That legislative body may remove and replace any member previously appointed by it, and may fill any vacancy in its membership upon the committee.

(b) In the case of a reorganization committee created pursuant to subdivision (b) of Section 56827, the county board of supervisors shall appoint one or more members, not to exceed the maximum number specified by the commission, to represent the county on the reorganization committee. The county board of supervisors may appoint any person, including, but not limited to, an officer or employee of the county to represent the county on the reorganization committee. The county board of supervisors may remove and replace any member previously appointed by it, and may fill any vacancy in its membership on the committee.

(c) In the case of a reorganization committee created pursuant to subdivision (b) of Section 56827, the commission shall appoint one or more members to represent the general public on the reorganization committee. The number of members appointed to represent the general public shall not exceed the maximum number specified by the commission to represent the county or each subject district. A member appointed pursuant to this subdivision shall not be an officer or employee of any local agency. The commission may remove and replace any member previously appointed by it, and may fill any vacancy in its membership on the committee.

56838 [56487]. The clerk of a subject district shall give immediate notice to the executive officer of all appointments and removals made by the legislative body to a reorganization committee.

56839 [56488]. At any time after the date fixed for the first meeting of a reorganization committee or during the course of the study by the committee, if the legislative body of any subject district, after written request by the executive officer, does not appoint any members to the committee, those members may be appointed by the commission.

56840 [56489]. If, during the course of study upon a proposed plan of reorganization, the commission authorizes a change in the scope of the study, the membership of the reorganization committee shall be immediately changed to exclude representatives of each district or city for which a change of organization is no longer proposed and to include representatives of each district or city for which a new change of organization is proposed.

56841 [56490]. Subject to any standards and procedures adopted by regulation by the commission, a reorganization committee shall provide for the selection of a presiding officer and secretary either of whom may but are not required to be members of the committee, adopt the standards and procedures which it deems advisable, fix the time and place for meetings of the committee, and determine the manner and method to be followed by the committee in its study, report, and recommendation.

56842 [56491]. A quorum shall be deemed to be present at a meeting of a reorganization committee if members representing one-half or more of the subject districts are present. Each

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

subject district shall be entitled to one vote at any reorganization committee meeting, which vote shall be determined by a majority of the members of the district present at the meeting.

56843 [56492]. If a reorganization committee does not complete and submit its report and recommendation before the date specified by the commission or, prior to that date, if members of the committee representing one-half or more of the subject districts report to the commission that the committee is unable to agree upon the report and recommendation, the commission may either order the discharge of the committee, or appoint additional members to the committee, not to exceed the maximum number authorized for a single subject district, to represent the public and order the committee, as so enlarged, to continue its study.

56844 [56493]. If the commission orders the discharge of a reorganization committee, the commission may make a study, report, and recommendation upon a plan of reorganization in the place of the reorganization committee.

56845 [56494]. If the commission appoints additional members to the reorganization committee to represent the public and orders the reorganization committee, as so enlarged, to continue its study, the additional members shall have all of the rights and powers of members representing a single subject district, including participation in all studies, reports, and recommendations, attendance at all meetings, and the casting of a single vote on behalf of all of the additional members on any matter before the committee.

56846 [56495]. Every officer of any affected county, affected city, or affected district shall make available to a reorganization committee any records, reports, maps, data, or other documents which in any way affect or pertain to the committee's study, report, and recommendation and shall confer with the committee concerning the problems and affairs of that county, city, or district.

56847 [56496]. Upon completion of the study of a reorganization committee, the committee shall prepare and submit to the commission a report and recommendation containing all of the following:

- (a) A brief summary of the nature and extent of the study of the committee.
- (b) A full and complete description of the plan of reorganization and any alternative plans of reorganization which were studied by the committee.
- (c) The recommendation of the committee for the approval or disapproval of all or any part of the plan of reorganization and of any alternative plans of reorganization.

56848 [56497]. Approval by a reorganization committee of the report and recommendation shall require the affirmative vote of more than one-half of the subject districts represented on the reorganization committee.

56849 [56498]. The reorganization committee shall file the original of its report and recommendation with the executive officer and a copy of the report and recommendation with

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

the clerk of each subject district. Upon filing that report and recommendation with the executive officer, the reorganization committee shall be terminated. However, the commission may cause the committee to be reconvened at any time for the sole purpose of correcting or clarifying any error, omission, or uncertainty appearing in the report and recommendation, as determined by the commission.

56852.7. If the commission approves a proposal for a special reorganization that includes the incorporation of a city with a population of more than 1,000,000, the commission shall do both of the following:

(a) Specify in the resolution making determinations that, notwithstanding Section 36501, the legislative body of the city shall consist of an even number of members, with at least 12 elected by districts, as defined in Section 34871. The commission shall establish the initial boundaries of a sufficient number of districts of approximately equal populations, consistent with state and federal law, not to exceed more than 100,000 residents per district.

(b) Specify in the resolution that the mayor, who shall be a voting member of the council, shall be elected on a citywide basis.

56853 [56839]. (a) If a majority of the members of each of the legislative bodies of two or more local agencies adopt substantially similar resolutions of application making proposals either for the consolidation of districts or for the reorganization of all or any part of the districts into a single local agency, the commission shall approve, or conditionally approve, the proposal. The commission shall authorize the board of supervisors to order the consolidation or reorganization without an election, except as otherwise provided in subdivision (b) of Section 57081.

(b) Before ordering any material change in the provisions or the terms and conditions of the consolidation or reorganization, as set forth in the proposals of the local agencies, the commission shall direct the executive officer to give each subject agency mailed notice of that change. The commission shall not, without the written consent of all subject agencies, take any further action on the consolidation or reorganization for 30 days following that mailing. Upon written demand by any subject agency, filed with the executive officer during that 30-day period, the commission shall make determinations upon the proposals only after notice and hearing proposals. If no written demand is filed, the commission may make those determinations without notice and hearing. Application of any provision of this subdivision may be waived by consent of all of the subject agencies.

(c) Where the commission has initiated a change of organization or reorganization affecting more than one special district, the commission may utilize and is encouraged to utilize a reorganization committee to review the proposal.

56854 [56839.1]. (a) Notwithstanding Sections 57077 and **57107**, the commission shall order (1) the consolidation of districts, (2) dissolution, (3) merger, or (4) the establishment of a subsidiary district, or (5) a reorganization that includes any of these changes of organization without an election, except that an election shall be held in each affected city or district if there are written protests as follows:

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(1) Where the proposal was not initiated by the commission, and where an affected city or district has not objected by resolution to the proposal, a written protest has been submitted that meets the requirements specified in subdivisions (b) and (c) of Section 57081.

(2) Where the proposal was not initiated by the commission, and where an affected city or district has objected by resolution to the proposal, a written protest has been submitted that meets the requirements specified in paragraphs (1) and (2) of subdivision (a) and subdivision (b) of Section [57114](#).

(3) Where the proposal was initiated by the commission, and regardless of whether an affected city or district has objected to the proposal by resolution, a written protest has been submitted that meets the requirements of Section [57113](#).

(b) Notwithstanding subdivision (a), the commission shall not order a merger or establishment of a subsidiary district without the consent of the affected city.

(c) This section shall not apply to any proposal for a change of organization or reorganization that is submitted to the commission before January 1, 2003, where the Goleta Sanitary District or the Goleta West Sanitary District is an affected district. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the following special circumstances:

The voters of the Goleta Sanitary District previously voted against a proposed consolidation with the Goleta West Sanitary District by a margin of two to one. More recently, a reorganization proposal was submitted to the commission in Santa Barbara County that would have combined the Goleta Sanitary District and the Goleta West Sanitary District under circumstances where no opportunity for confirmation by the Goleta Sanitary District voters would be available. In light of the issues that were raised in connection with these earlier consolidation and reorganization proposals, a five-year moratorium on the application of Section 56854 to proposals affecting the Goleta Sanitary District or the Goleta West Sanitary District is necessary to ensure an opportunity for voter confirmation.

[56855 \[56848.3\]](#). (a) This section shall apply to any proposal which contains the annexation of territory to a fire protection district which is organized pursuant to the Fire Protection District Law of 1987, Part 3 (commencing with Section 13800) of Division 12 of the Health and Safety Code, and the affected territory is or is proposed to be all or part of a city which is within the fire protection district.

(b) Prior to the adoption by the local agency formation commission of a resolution making determinations, the district may request and the commission shall impose, as a term and condition, a requirement that the legislative body of the city shall enter into a contract with the district. The contract shall require:

(1) That the affected territory shall remain part of the district for a period of at least 10 years.

(2) That the city shall pay the cost of services provided by the district. This payment shall be in amounts and on terms specified in the contract.

(3) Any other conditions to which the city and the district mutually agree.

56856 [56375.4 (b)(c)]. (a) The commission shall not approve or conditionally approve a change of organization or reorganization that would result in the annexation to a special district of territory that is within a farmland security zone created pursuant to Article 7 (commencing with Section 51296) of Chapter 7 of Division 1 if that special district provides or would provide facilities or services related to sewers, nonagricultural water, or streets and roads, unless the facilities or services benefit land uses that are allowed under the farmland security zone contract and the landowner consents to the change of organization or reorganization.

(b) This section shall not apply during the three-year period preceding the termination of a farmland security zone contract under Article 7 (commencing with Section 51296) of Chapter 7 of Division 1.

57857. (a) Upon receipt by the commission of a proposed change of organization or reorganization that includes the annexation of territory to any district, if the proposal is not filed by the affected district the commission shall place the proposal on the agenda for the next commission meeting for information purposes only and shall transmit a copy of the proposal to any district to which an annexation of territory is requested.

(b) No later than 60 days after the date that the proposal is on the commission's meeting agenda in accordance with subsection (a), an affected district may adopt and transmit to the commission a resolution requesting termination of the proceedings.

(c) If an affected district has adopted and transmitted to the commission a resolution requesting termination of proceedings within the time period prescribed by this section, then the commission shall terminate the proceedings upon receipt of the resolution from the district.

Article 3. Formation

56859 [56029(g)]. Proceedings for the formation of a district shall be conducted as authorized in the principal act of the district proposed to be formed and Section 56100.

56860 [56756]. If a proposal for formation of a new district is made by petition, the petition shall comply with the signature requirements and content of a petition for formation of the district as set forth in the principal act under which the new district is proposed to be formed.

56860.5 [56701]. If a petition is for consolidation of districts or formation of a new district, the petition may propose a name for the new or consolidated district.

56861 [56829]. (a) Within 10 days after receiving a proposal to form a subsidiary district, the executive officer shall notify by certified mail the district or districts which are the subject of the proposal.

(b) Within 35 days after receiving the notice from the executive officer, the board of directors of the subject district or districts may do either of the following:

(1) Adopt a resolution consenting to the subsidiary district proposal, with or without requesting additional terms and conditions.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(2) Adopt a resolution of intention to file an alternative proposal to the subsidiary district proposal.

(c) Any resolution adopted under paragraph (1) or (2) of subdivision (b) shall immediately be filed with the executive officer.

56862 [56830]. (a) If a district files a resolution of intention to file an alternative proposal pursuant to paragraph (2) of subdivision (b) of Section 56861, the executive officer shall take no further action on the original proposal to form a subsidiary district for a period of 70 days. During this period, the district which has filed a resolution of intention shall prepare and submit a completed application for the alternative proposal in a form similar to the original proposal, as prescribed by the commission.

(b) A district which has filed a resolution of intention to file an alternative proposal but which does not file a completed application within the prescribed time period, shall be deemed to have consented to the original proposal to form a subsidiary district.

(c) After receiving an alternative proposal, the executive officer shall analyze and report on both the original proposal and the alternative proposal concurrently and set both for hearing by the commission in order that both proposals may be considered simultaneously at a single hearing.

(d) "Alternative proposal," as used in this section, means an alternative proposal to a subsidiary district proposal as provided for in Section 56861.

56863 [56831]. (a) Within 35 days following the conclusion of a hearing on an original and an alternative proposal to form a subsidiary district, the commission shall adopt its resolution of determination, which shall do one of the following:

- (1) Deny both the original proposal and the alternative proposal.
- (2) Approve both the original proposal and the alternative proposal.
- (3) Approve one proposal and deny the other.

(b) If the commission approves both proposals, it shall adopt an order directing the board of supervisors to consider both proposals at a single hearing and to do one of the following:

- (1) Deny both the original proposal and the alternative proposal.
- (2) Approve both the original proposal and the alternative proposal.
- (3) Approve one proposal and deny the other.

(c) "Alternative proposal," as used in this section, means an alternative proposal to a subsidiary district proposal as provided for in Section 56861.

Article 4. Initiation by petition

56864 [56755]. Petitions for the annexation of territory to, or detachment of territory from, a district shall be signed as follows:

(a) For a registered voter district, by either of the following:

(1) Not less than 25 percent of the registered voters within the territory proposed to be annexed or detached.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(2) Not less than 25 percent of the number of landowners within the territory proposed to be annexed or detached who also own not less than 25 percent of the assessed value of land within the territory.

(b) For a landowner-voter district, by not less than 25 percent of the number of landowners owning land within the territory proposed to be annexed or detached who also own not less than 25 percent of the assessed value of land within the territory.

56864.1 [56761]. (a) A petition for reorganization shall be signed so as to comply with the applicable signature requirements of this article with respect to each of the various changes proposed in the petition.

(b) If a proposal for reorganization includes a proposal for the formation of a new district, the petition shall comply with the signature requirements, if any, of a petition for formation of the district, as set forth in the principal act designated in the petition for formation, and if there are no such requirements, then the requirements of this part pertaining to dissolution.

(c) If a proposal for reorganization includes incorporation, the petition shall comply with the signature requirements for incorporation.

56864.3 [56762]. If a person is qualified to sign for two or more of the changes of organization proposed by the petition, that person need sign the petition only once and his or her signature shall be counted as if that person had signed and requested each change of organization.

56865 [56757]. Petitions for the consolidation of two or more districts shall be signed as follows:

(a) For registered voter districts, by not less than 5 percent of the registered voters within each of the several districts.

(b) For landowner-voter districts, by landowner-voters within each of the several districts constituting not less than 5 percent of the number of landowner-voters owning land within each of the several districts and who also own not less than 5 percent of the assessed value of land within each of the several districts.

56866 [56760]. Petitions for a merger of a district of limited powers which overlaps a city, or for the establishment of the district as a subsidiary district of the city, shall be signed as follows:

(a) For a resident voter district, by either of the following:

(1) Five percent of the registered voters of the district.

(2) Five percent of the registered voters residing within the territory of the city outside the boundaries of the district.

(b) For a landowner-voter district, by either of the following:

(1) Five percent of the number of landowner-voters within the district who also own not less than 5 percent of assessed value of land within the district.

(2) Five percent of the registered voters residing within the territory of the city outside the boundaries of the district.

56870 [56758]. Except as otherwise provided in Section 56871, petitions for the dissolution of a district shall be signed as follows:

- (a) For resident voter districts, by either of the following:
 - (1) Not less than 10 percent of the registered voters within the district.
 - (2) Not less than 10 percent of the number of landowners within the district who also own not less than 10 percent of the assessed value of land within the district.
- (b) For landowner-voter districts, by not less than 10 percent of the number of landowner-voters within the district who also own not less than 10 percent of the assessed value of land within the district.

56871 [56759]. A petition for the dissolution of a registered voter district, signed by three or more registered voters within the district or by three or more landowners within a landowner-voter district, shall be deemed to be a sufficient petition, if, in addition to the matters required by Section 56700, the petition recites that the district has been in existence for at least three years and states, on information and belief, that the corporate powers of the district have not been used and that one or more of the following conditions have existed or now exist:

- (a) That during the three-year period preceding the date of the first signature upon the petition any of the following events have not occurred:
 - (1) There has not been a duly selected and acting quorum of the board of directors of the district.
 - (2) The board of directors has not furnished or provided services or facilities of substantial benefit to residents, landowners, or property within the district.
 - (3) The board of directors has not levied or fixed and collected any taxes, assessments, service charges, rentals, or rates or expended the proceeds of those levies or collections for district purposes.
- (b) That during the one-year period preceding the date of the first signature upon the petition a quorum of the duly selected and acting board of directors has not met for the purpose of transacting district business.
- (c) That, upon the date of the first signature upon the petition, the district had no assets, other than money in the form of cash, investments, or deposits.

Article 5. Miscellaneous

56875 [56832]. If any sufficient petition or resolution of application shall propose, as a part of the petition or resolution of application, that the district shall furnish gas or electric service, as provided in Sections 56129 to 56131, inclusive, a certified copy of the report of the Public Utilities Commission shall be on file with the executive officer prior to setting that petition or resolution for public hearing by the commission.

56876 [56849]. In any order approving a proposal for an annexation to, or detachment from, a district, the commission may determine that any election called upon the question of confirming an order for the annexation or detachment shall be called, held, and conducted upon that question under either of the following conditions:

- (a) Only within the territory ordered to be annexed or detached.
- (b) Both within the territory ordered to be annexed or detached and within all or any part of the district which is outside of the territory.

CHAPTER 6. COMMISSION DECISION

Article 1. Determination

56880 [56851]. At any time not later than 35 days after the conclusion of the hearing, the commission shall adopt a resolution making determinations approving or disapproving the proposal, with or without conditions, the plan of reorganization, or any alternative plan of reorganization as set forth in the report and recommendation of a reorganization committee. If the commission disapproves the proposal, plan of reorganization, or any alternative plan of reorganization, no further proceedings shall be taken on those proposals or plans.

56881 [56852]. The resolution making determinations shall also do all of the following:

- (a) Make any of the findings or determinations authorized or required pursuant to Section 56375.
- (b) For any proposal initiated by the commission pursuant to subdivision (a) of Section 56375, make both of the following determinations:
 - (1) Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service.
 - (2) A change or organization or reorganization that is authorized by the commission promotes public access and accountability for community services needs and financial resources.
- (c) If applicable, assign a distinctive short-term designation to the affected territory and a description of the territory.
- (d) Initiate protest proceedings pursuant to Part 4, commencing with Section 57000, in compliance with the resolution.

56882 [56853]. The executive officer shall mail a copy of the resolution adopted by the commission making determinations addressed to each of the following persons or entities:

- (a) The chief petitioners, if any, where the proceedings for change of organization were initiated by petition.
- (b) Each affected local agency whose boundaries would be changed by the proposal.

56883 [56854]. The executive officer may, before the completion of a proceeding, on good cause being shown, correct clerical errors or mistakes made through inadvertence, surprise, or excusable neglect that may be contained in the resolution adopted by the commission making determinations, upon written request by any member of the commission, by the executive officer, or by any affected agency. A correction made pursuant to this section shall not be cause for filing a request pursuant to Section 56895.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

56884 [56855]. (a) Except as otherwise provided in subdivision (b), if the commission wholly disapproves any proposal:

- (1) No further proceedings shall be taken on that proposal.
- (2) No similar proposal involving the same or substantially the same territory shall be initiated for one year after the date of adoption of the resolution terminating proceedings.
- (b) The commission may waive the requirements of subdivision (a) if it finds those requirements are detrimental to the public interest.

56885 [56856]. The commission may, at any time, authorize any legislative body holding a hearing pursuant to this division, to continue the hearing to a date or dates extending beyond the dates specified in this division.

Article 2. Terms and conditions

56885.5 [56843]. (a) In any commission order giving approval to any change of organization or reorganization, the commission may make that approval conditional upon any of the following factors:

- (1) Any of the conditions set forth in Section **56886**.
- (2) The initiation, conduct, or completion of proceedings for another change of organization or a reorganization.
- (3) The approval or disapproval, with or without election, as may be provided by this division, of any resolution or ordinance ordering that change of organization or reorganization.
- (4) With respect to any commission determination to approve the disincorporation of a city, the dissolution of a district, or the reorganization or consolidation of agencies which results in the dissolution of one or more districts or the disincorporation of one or more cities, a condition prohibiting an agency being dissolved from taking any of the following actions, unless it first finds that an emergency situation exists as defined in Government Code section 54956.5:
 - (A) approving any increase in compensation or benefits for members of the governing board, its officers or the executive officer of the agency; and
 - (B) appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission.
- (b) If the commission so conditions its approval, the commission may order that any further action pursuant to this division be continued and held in abeyance for the period of time designated by the commission, not to exceed six months from the date of that conditional approval.
- (c) The commission order may also provide that any election called upon any change of organization or reorganization shall be called, held, and conducted before, upon the same date as, or after the date of any election to be called, held, and conducted upon any other change of organization or reorganization.
- (d) The commission order may also provide that in any election at which the questions of annexation and district reorganization or incorporation and district reorganization are to be

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

considered at the same time, there shall be a single question appearing on the ballot upon the issues of annexation and district reorganization or incorporation and district reorganization.

56886 [56844]. Any change of organization or reorganization may provide for, or be made subject to one or more of, the following terms and conditions. However, none of the following terms and conditions shall directly regulate land use, property development, or subdivision requirements:

(a) The payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of any city, county, or district.

(b) The levying or fixing and the collection of any of the following, for the purpose of providing for any payment required pursuant to subdivision (a):

(1) Special, extraordinary, or additional taxes or assessments.

(2) Special, extraordinary, or additional service charges, rentals, or rates.

(3) Both taxes or assessments and service charges, rentals, or rates.

(c) The imposition, exemption, transfer, division, or apportionment, as among any affected cities, affected counties, affected districts, and affected territory of liability for payment of all or any part of principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of any city, county, district, or any improvement district within a local agency, and the levying or fixing and the collection of any (1) taxes or assessments, or (2) service charges, rentals, or rates, or (3) both taxes or assessments and service charges, rentals, or rates, in the same manner as provided in the original authorization of the bonds and in the amount necessary to provide for that payment.

(d) If, as a result of any term or condition made pursuant to subdivision (c), the liability of any affected city, affected county, or affected district for payment of the principal of any bonded indebtedness is increased or decreased, the term and condition may specify the amount, if any, of that increase or decrease which shall be included in, or excluded from, the outstanding bonded indebtedness of that entity for the purpose of the application of any statute or charter provision imposing a limitation upon the principal amount of outstanding bonded indebtedness of the entity.

(e) The formation of a new improvement district or districts or the annexation or detachment of territory to, or from, any existing improvement district or districts.

(f) The incurring of new indebtedness or liability by, or on behalf of, all or any part of any local agency, including territory being annexed to any local agency, or of any existing or proposed new improvement district within that local agency. The new indebtedness may be the obligation solely of territory to be annexed if the local agency has the authority to establish zones for incurring indebtedness. The indebtedness or liability shall be incurred substantially in accordance with the laws otherwise applicable to the local agency.

(g) The issuance and sale of any bonds, including authorized but un-issued bonds of a local agency, either by that local agency or by a local agency designated as the successor to any local agency which is extinguished as a result of any change of organization or reorganization.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(h) The acquisition, improvement, disposition, sale, transfer, or division of any property, real or personal.

(i) The disposition, transfer, or division of any moneys or funds, including cash on hand and moneys due but uncollected, and any other obligations.

(j) The fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or of any other property, real or personal.

(k) The establishment, continuation, or termination of any office, department, or board, or the transfer, combining, consolidation, or separation of any offices, departments, or boards, or any of the functions of those offices, departments, or boards, if, and to the extent that, any of those matters is authorized by the principal act.

(l) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

(m) The designation of a city, county, or district, as the successor to any local agency which is extinguished as a result of any change of organization or reorganization, for the purpose of succeeding to all of the rights, duties, and obligations of the extinguished local agency with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the extinguished local agency.

(n) The designation (1) of the method for the selection of members of the legislative body of a district or (2) the number of those members, or (3) both, where the proceedings are for a consolidation, or a reorganization providing for a consolidation or formation of a new district and the principal act provides for alternative methods of that selection or for varying numbers of those members, or both.

(o) The initiation, conduct, or completion of proceedings on a proposal made under, and pursuant to, this division.

(p) The fixing of the effective date of any change of organization, subject to the limitations of Section 57202.

(q) Any terms and conditions authorized or required by the principal act with respect to any change of organization.

(r) The continuation or provision of any service provided at that time, or previously authorized to be provided by an official act of the local agency.

(s) The levying of assessments, including the imposition of a fee pursuant to Section 50029 or 66484.3 or the approval by the voters of general or special taxes. For the purposes of this section, imposition of a fee as a condition of the issuance of a building permit does not constitute direct regulation of land use, property development, or subdivision requirements.

(t) The extension or continuation of any previously authorized charge, fee, assessment, or tax by the local agency or a successor local agency in the affected territory.

(u) The transfer of authority and responsibility among any affected cities, affected counties, and affected districts for the administration of special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district.

(v) Any other matters necessary or incidental to any of the terms and conditions specified in this section.

56886.3 [57053]. If the terms and conditions of any change of organization provide for the formation of a new improvement district, or the annexation or detachment of territory to, or from, an existing improvement district, the commission shall do all of the following:

(a) Exclude any lands proposed to be formed into, or to be annexed to, the improvement district which the commission finds will not be benefited by becoming a part of the improvement district.

(b) Exclude any lands proposed to be detached from an improvement district which the commission finds will be benefited by remaining a part of the improvement district.

56886.5. If a proposal includes the formation of a new government, the commission shall determine whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. If a new single-purpose agency is deemed necessary, the commission shall consider reorganization with other single-purpose agencies that provide related services.

56887 [56844.1]. Any change of organization or reorganization may be conditionally approved by a local agency formation commission subject to the certification by the California Coastal Commission of an amendment to the local coastal program of a city or a county.

56887.5 [56847]. If any change of organization or reorganization pertains to city or district territory which is located, in whole or in part, within the boundaries of any city or county, any terms and conditions authorized by Section 56886 may be made applicable to that city or county. However, no indebtedness or liability which is subject to the requirement of an election, under the provisions of Section 18 of Article XVI of the California Constitution, shall be incurred or assumed by any city or county, except as provided in Section 18 of Article XVI of the California Constitution.

56888 [56844.2]. (a) This section shall only apply to a special reorganization.

(b) All public employees to which Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 applies shall continue to be deemed public employees of the original local agency or of the newly incorporated local agency for all the purposes of that chapter, including, but not limited to, the continuation and application of any collective bargaining agreement that applies to these employees, and all representational and collective bargaining rights under that chapter.

(c) Any existing collective bargaining agreement shall remain in effect and be fully binding on the original local agency or on the newly incorporated local agency, and on the employee

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

organizations that are parties to the agreement for the balance of the term of the agreement, and until a subsequent agreement has been established.

(d) Any existing retiree benefits, including, but not limited to, health, dental, and vision care benefits, shall not be diminished.

(e) Notwithstanding any other provision of law, an employee organization that has been recognized as the exclusive representative of local agency public employees affected by a special reorganization shall retain exclusive representation of the unit employees of the original local agency, or of the newly incorporated local agency.

56889 [56844.2]. If any commission order approving or conditionally approving a change of organization or reorganization would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), for which the commission has determined pursuant to Section 56754 that the city shall succeed to the contract, the commission shall impose a condition that requires the city to adopt the rules and procedures required by the Williamson Act, including but not limited to the rules and procedures required by Sections 51231, 51237, and 51237.5.

56890 [56846]. Any of the terms and conditions authorized by Section 56886 may be made applicable to all or any part of any city or district or any improvement district within that local agency or any territory annexed to, or detached from, any city or district or improvement district within that local agency.

Article 3. Reconsideration

56895 [56857]. (a) When a commission has adopted a resolution making determinations, any person or affected agency may file a written request with the executive officer requesting amendments to or reconsideration of the resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously, or applicable new law, are claimed to warrant the reconsideration. If the request is filed by a school district that received notification pursuant to Section 56658, the commission shall consider that request at a public hearing.

(b) Notwithstanding Section 56106, the deadlines set by this section are mandatory. The person or agency shall file the written request within 30 days of the adoption of the initial or superseding resolution by the commission making determinations. If no person or agency files a timely request, the commission shall not take any action pursuant to this section.

(c) Upon receipt of a timely request, the executive officer shall not take any further action until the commission acts on the request.

(d) Upon receipt of a timely request by the executive officer, the time to file any action, including, but not limited to, an action pursuant to Section 21167 of the Public Resources Code and any provisions of Part 4 (commencing with Section 57000) governing the time within which the commission is to act shall be tolled for the time that the commission takes to act on the request.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(e) The executive officer shall place the request on the agenda of the next meeting of the commission for which notice can be given pursuant to this subdivision. The executive officer shall give notice of the consideration of the request by the commission in the same manner as for the original proposal. The executive officer may give notice in any other manner as he or she deems necessary or desirable.

(f) At that meeting, the commission shall consider the request and receive any oral or written testimony. The consideration may be continued from time to time but not to exceed 70 days from the date specified in the notice. The person or agency which filed the request may withdraw it at any time prior to the conclusion of the consideration by the commission.

(g) At the conclusion of its consideration, the commission may approve or disapprove with or without amendment, wholly, partially, or conditionally, the request. If the commission disapproves the request, it shall not adopt a new resolution making determinations. If the commission approves the request, with or without amendment, wholly, partially, or conditionally, the commission shall adopt a resolution making determinations which shall supersede the resolution previously issued.

(h) The determinations of the commission shall be final and conclusive. No person or agency shall make any further request for the same change or a substantially similar change, as determined by the commission.

(i) Notwithstanding subdivision (h), clerical errors or mistakes may be corrected pursuant to Section 56854. [\[NOTE: this reference should be changed to Section 56883.\]](#)

Article 4. Amendment

56897 [56858]. If pursuant to Section 56895, the commission approves any addition, deletion, amendment, or revision of its resolution making determinations, further proceedings for the change of organization or reorganization shall be taken in compliance with that addition, deletion, amendment, or revision. Any provision of this division requiring compliance with the resolution adopted by the commission making determinations shall be deemed to include any addition, deletion, amendment, or revision made to that resolution.

56898 [56859]. Whenever the executive officer is required by law to prepare an impartial analysis of a ballot proposition for approval by the commission, the commission may, by regulation, provide a procedure for approval or modification of the executive officer's analysis. In any event, the analysis shall be prepared and submitted to the commission in sufficient time for the commission to consider and approve or modify the analysis, and submit the analysis to the officials conducting the election not later than the last day for submission of rebuttal arguments. The impartial analysis submitted by the commission shall not exceed 500 words in length and shall include a general description of the affected territory.

PART 4 - HEARING, ELECTIONS, COMPLETION

CHAPTER 1. HEARINGS AND PROTESTS

57000. (a) After adoption of a resolution making determinations by the commission pursuant to Part 3 (commencing with Section 56650), protest proceedings for a change of organization or reorganization shall be taken pursuant to this part.

(b) If a proposal is approved by the commission, with or without amendment, wholly, partially, or conditionally, the commission shall conduct proceedings in accordance with this part. The proceedings shall be conducted and completed pursuant to those provisions which are applicable to the proposal and the territory contained in the proposal as it is approved by the commission. If the commission approves the proposal with modifications or conditions, proceedings shall be conducted and completed in compliance with those modifications or conditions.

(c) Any reference in this part to the commission also means the executive officer for any function which the executive officer will perform pursuant to a delegation of authority from the commission.

(d) When the commission makes a determination pursuant to this division that will require an election to be conducted, it shall inform the board of supervisors or the city council of the affected city of that determination and request the board or the city council to direct the elections official to conduct the necessary election.

(e) When a board of supervisors or a city council is informed by the commission that a determination has been made which requires an election, it shall direct the elections official to conduct the necessary election. The board or council shall do all of the following:

(1) Call, provide for, and give notice of a special election or elections upon that question.

(2) Fix a date of election.

(3) Designate precincts and polling places.

(4) Take any other action necessary to call, provide for, and give notice of the special election or elections and to provide for the conduct and the canvass of returns of the election, as determined by the commission.

(f) Any provision in this part which requires that an election be called, held, provided for, or conducted shall mean that the procedures specified in subsections (d) and (e) of this section shall be followed.

57001. If a certificate of completion for a change of organization or reorganization has not been filed within one year after the commission approves a proposal for that proceeding, the proceeding shall be deemed abandoned unless prior to the expiration of that year the commission authorizes an extension of time for that completion. The extension may be for any period deemed reasonable to the commission for completion of necessary prerequisite actions by any party. If a proceeding has not been completed because of the order or decree of a court of competent jurisdiction temporarily enjoining or restraining the proceedings, this shall not be deemed a failure of completion and the one-year period shall be tolled for the time that order or decree is in effect.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

57002. (a) Within 35 days following the adoption of the commission's resolution making determinations, and following the reconsideration period specified in subdivision (b) of Section 56895, the executive officer of the commission shall set the proposal for hearing and give notice of that hearing by mailing, publication, and posting, as provided in Chapter 4 (commencing with Section 56150) of Part 1. The date of that hearing shall not be less than 15 days, or more than 60 days, after the date the notice is given.

(b) Where the proceeding is for the establishment of a district of limited powers as a subsidiary district of a city, upon the request of the affected district, the date of the hearing shall be at least 90 days, but no more than 135 days, from the date the notice is given.

(c) If authorized by the commission pursuant to Section 56663, a change of organization or reorganization may be approved without notice, hearing, and election.

57003. Once notice is given by the executive officer of the commission pursuant to this chapter, and until proceedings are completed or terminated pursuant to this part, no conflicting petition or resolution of application seeking the change of organization or reorganization of all or part of the territory described by the notice given by the executive officer shall be filed with, or acted on, by the commission.

56004. REPEALED.

56005. REPEALED.

56006. REPEALED.

57007. Except when a district formation is part of a reorganization, protest proceedings shall be conducted as set forth in the principal act of the district to be formed, and commission protest proceedings shall not apply, except for the provisions relating to the completion and effective date of a change of organization or reorganization contained in Chapter 3 (commencing with Section 57200). When the district formation is part of a reorganization, all of the proceedings shall be conducted pursuant to this part and Section 56100.

57008. For any proposal initiated by the commission pursuant to subdivision (a) of Section 56375, the commission shall hold a public protest hearing in the affected territory.

57025. (a) The executive officer of the commission shall give notice of the protest hearing to be held on the proposal by publication pursuant to Sections 56153 and 56154 and by posting pursuant to Sections 56158 and 56159.

(b) The executive officer shall also give mailed notice to each affected city, affected district, or affected county, the proponents, if any, all landowners owning land within any territory proposed to be formed into, or to be annexed to, or detached from, an improvement district within any city or district, and to persons requesting special notice, in accordance with the provisions of Sections 56155 to 56157, inclusive.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(c) In the case of a proposed annexation to a city of affected territory consisting of 75 acres or less, the executive officer of the commission shall give mailed notice to each landowner within the affected territory.

(d) In the case of a proposed change of organization or reorganization that would result in the extension of any previously authorized special tax or benefit assessment to the affected territory, the executive officer of the commission shall give mailed notice to each landowner within the affected territory.

57026. The mailed notice required to be given by Section 57025 shall contain all of the following information:

(a) A statement of the distinctive short form designation assigned by the commission to the proposal.

(b) A statement of the manner in which, and by whom, proceedings were initiated. However, a reference to the proponents, if any, shall be sufficient where proceedings were initiated by a petition.

(c) A description of the exterior boundaries of the subject territory.

(d) A description of the particular change or changes of organization proposed for each of the subject districts or cities and new districts or new cities proposed to be formed, and any terms and conditions to be applicable. The description may include a reference to the commission's resolution making determinations for a full and complete description of the change of organization or reorganization, and the terms and conditions.

(e) A statement of the reason or reasons for the change of organization or reorganization as set forth in the proposal submitted to the commission.

(f) (1) Except as otherwise provided in paragraph (2), a statement of the time, date, and place of the protest hearing on the proposed change of organization or reorganization.

(2) Notwithstanding paragraph (1), if inhabited territory is proposed to be annexed to a city with more than 100,000 residents which is located in a county with a population of over 4,000,000 the date shall be at least 90 days, but not more than 105 days, after the date of adoption of the resolution initiating the proceedings. The resolution shall specify a date 90 days prior to the hearing when registered voters may begin to file protests.

(g) If the subject territory is inhabited and the change of organization or reorganization provides for the submission of written protests, a statement that any owner of land within the territory, or any registered voter residing within the territory, may file a written protest against the proposal with the executive officer of the commission at any time prior to the conclusion of the hearing by the commission on the proposal.

(h) If the subject territory is uninhabited and the change of organization or reorganization provides for submission of written protests, a statement that any owner of land within the territory may file a written protest against the proposal with the executive officer of the commission at any time prior to the conclusion of the hearing by the commission on the proposal.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

57050. (a) The protest hearing on the proposal shall be held by the commission on the date and at the time specified in the notice given by the executive officer. The hearing may be continued from time to time but not to exceed 60 days from the date specified for the hearing in the notice.

(b) At the protest hearing, prior to consideration of protests, the commission's resolution making determinations shall be summarized. At that hearing, the commission shall hear and receive any oral or written protests, objections, or evidence which is made, presented, or filed. Any person who has filed a written protest may withdraw that protest at any time prior to the conclusion of the hearing.

57051. At any time prior to the conclusion of the protest hearing in the notice given by the executive officer, but not thereafter, any owner of land or any registered voter within inhabited territory proposed to be annexed or detached, or any owner of land within uninhabited territory proposed to be annexed or detached, may file a written protest against the annexation or detachment. Each written protest shall state whether it is made by a landowner or registered voter and the name and address of the owner of the land affected and the street address or other description sufficient to identify the location of the land or the name and address of the registered voter as it appears on the affidavit of registration. Protests may be made on behalf of an owner of land by an agent authorized in writing by the owner to act as agent with respect to that land. Protests may be made on behalf of a private corporation which is an owner of land by any officer or employee of the corporation without written authorization by the corporation to act as agent in making that protest. Each written protest shall show the date that each signature was affixed to the protest. All signatures without a date or bearing a date prior to the date of publication of the notice shall be disregarded for purposes of ascertaining the value of any written protests.

57052. Upon conclusion of the protest hearing, the commission shall determine the value of written protests filed and not withdrawn. The value of written protests shall be determined in the same manner prescribed in Sections 56707, 56708, and 56710 for determining the sufficiency of petitions filed with the commission.

57075. In the case of registered voter districts or cities, where a change of organization or reorganization consists solely of annexations, detachments, or formation of county service areas, or any combination of those proposals, the commission, not more than 30 days after the conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn, and take one of the following actions, except as provided in subdivision (b) of Section 57002.

(a) In the case of inhabited territory, take one of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following:

(A) At least 25 percent, but less than 50 percent, of the registered voters residing in the affected territory.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(B) At least 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory.

(3) Order the change of organization or reorganization without an election if written protests have been filed and not withdrawn by less than 25 percent of the registered voters or less than 25 percent of the number of owners of land owning less than 25 percent of the assessed value of land within the affected territory.

(b) In the case of uninhabited territory, take either of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization if written protests have been filed and not withdrawn by owners of land who own less than 50 percent of the total assessed value of land within the affected territory.

57075.5. Notwithstanding Section 57075, if territory proposed to be annexed to a city with more than 100,000 residents is inhabited and is located in a county with a population of over 4,000,000, the commission, not more than 30 days after conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn and shall take one of the following actions:

(a) Terminate proceedings if written protests have been filed and not withdrawn by 50 percent or more of the registered voters within the affected territory.

(b) Order the territory annexed subject to the confirmation by the voters on the question, and call a special election and submit to the voters residing within the affected territory the question of whether it shall be annexed to the city, if written protests have been filed and not withdrawn by either 15 percent or more of the registered voters within the territory, or 15 percent or more of the number of owners of land who also own not less than 15 percent of the total assessed value of land within the territory.

(c) Order the territory annexed without an election if written protests have been filed and not withdrawn by less than 15 percent of the registered voters within the territory and less than 15 percent of the owners of land who own less than 15 percent of the total assessed value of land within the territory.

57076. In the case of landowner-voter districts, where a change of organization or reorganization consists solely of annexations or detachments, or any combination of those proposals, the commission, not more than 30 days after the conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn, and take one of the following actions, except as provided in subdivision (b) of Section 57002:

(a) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(b) Order the change of organization or reorganization subject to an election within the affected territory if written protests have been filed and not withdrawn represent either of the following:

(1) Twenty-five percent or more of the number of owners of land who also own 25 percent or more of the assessed value of land within the territory.

(2) Twenty-five percent or more of the voting power of landowner voters entitled to vote as a result of owning property within the territory.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(c) Order the change of organization or reorganization without an election if written protests have been filed and not withdrawn by less than 25 percent of the number of owners of land who own less than 25 percent of the assessed value of land within the affected territory.

57077. (a) Where a change of organization consists of a dissolution, disincorporation, incorporation, establishment of a subsidiary district, consolidation, or merger, the commission, not more than 30 days after the conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn, and take one of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization subject to confirmation of the voters, or in the case of a landowner-voter district, subject to confirmation by the landowners, unless otherwise stated in the formation provisions of the enabling statute of the district.

(3) Order the change of organization without election if it is a change of organization that meets the requirements of Section 57081, 57102, or 57107; otherwise, the commission shall take the action specified in paragraph (2).

(b) Where a reorganization consists of one or more dissolutions, incorporations, formations, disincorporations, mergers, establishments of subsidiary districts, consolidations, or any combination of those proposals, the commission, not more than 30 days after the conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn and take one of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the reorganization subject to confirmation of the voters, or in the case of landowner-voter districts, subject to confirmation by the landowners, unless otherwise stated in the formation provisions of the enabling statute of the district.

(3) Order the reorganization without election if it is a reorganization which meets the requirements of Section 57081, 57102, 57107, or 57111; otherwise, the commission shall take the action specified in paragraph (2).

57078. In the case of any reorganization or change of organization, a majority protest shall be deemed to exist and the proposed change of organization or reorganization shall be abandoned if the commission finds that written protests filed and not withdrawn prior to the conclusion of the hearing represent any of the following:

(a) In the case of uninhabited territory, landowners owning 50 percent or more of the assessed value of the land within the territory.

(b) In the case of inhabited territory, 50 percent or more of the voters residing in the territory.

(c) In the case of a landowner-voter district, 50 percent or more of the voting power of the voters entitled to vote as a result of owning land within the district.

57078.5. If a proposed annexation consists of two or more distinct communities, as defined in the county general plan, census unincorporated places listing, or other commonly recognized community designation, as determined by the commission, and any one community has a population of more than 250 registered voters, any protest filed pursuant to section 57078 must

be accounted separately for that community, unless the annexation is proposed pursuant to Section 56375.3.

57079. REPEALED.

57079.3. If a proposed reorganization includes a detachment of territory from the City-County of Sacramento where the governments of the City of Sacramento and County of Sacramento are consolidated in one city-county legislative body pursuant to Chapter 5 (commencing with Section 51900), of Part 2 of Division 1 of Title 5, the proceedings shall not terminate if the City-County of Sacramento files a written protest to a detachment from the City-County of Sacramento and simultaneous annexation to any of the Cities of Folsom, Isleton, and Galt, and if the proposed detachment and simultaneous annexation includes territory within the sphere of influence of any of the Cities of Folsom, Isleton, or Galt. "Sphere of influence" means for this purpose, the sphere of influence, which has been approved in principle by the City-County of Sacramento by July 1, 1991, and adopted or amended by the local agency formation commission pursuant to Chapter 4 (commencing with Section 56425) of Part 4 prior to or as of July 1, 1992.

57080. (a) With respect to a proceeding initiated on or after January 1, 2000, when approved and authorized by the commission pursuant to Section 56745, the commission shall, not later than 35 days after conclusion of the hearing, adopt a resolution ordering the annexation without an election or shall terminate the proceedings. Sections 57050, 57051, 57052, subdivision (a) of 57075, and Section 57078 do not apply to any annexation subject to this subdivision.

(b) With respect to a proceeding initiated on or after January 1, 2007, when approved and authorized by the commission pursuant to Section 56375.3, Sections 57050, 57051, and 57052, shall apply and subdivision (a) of Section 57075 does not apply.

(1) If the territory proposed to be annexed is inhabited territory, the commission, not more than 30 days after conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn and shall do either of the following:

(A) Terminate proceedings if written protests have been filed and not withdrawn by 50 percent or more of the registered voters within the affected territory.

(B) Order the territory annexed without an election.

(2) If the territory proposed to be annexed is uninhabited, the commission, not more than 30 days after conclusion of the hearing, shall adopt a resolution which does either of the following:

(A) Terminates proceedings.

(B) Orders the territory annexed.

57081. (a) If authorized by the commission pursuant to Section 56853, the protest proceedings shall be conducted for the consolidation of districts or the reorganization of all or any part of those districts into a single local agency pursuant to this section. The commission shall hold at least one noticed public hearing on the proposal within 30 days after approval of the application by the commission. After the conclusion of the hearing, the commission shall order the consolidation or reorganization without an election, except as otherwise provided in subdivision (b).

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(b) An election shall only be held if the commission finds either of the following:

(1) In the case of inhabited territory, that a petition requesting that the proposal be submitted to confirmation by the voters has been signed by either of the following:

(A) At least 25 percent of the number of landowners within the territory subject to the consolidation or reorganization who own at least 25 percent of the assessed value of land within the territory.

(B) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the territory.

(2) In the case of a landowner-voter district, that the territory is uninhabited and a petition requesting that the proposal be submitted to confirmation by the voters has been signed by at least 25 percent of the number of landowners within the territory subject to the consolidation or reorganization, owning at least 25 percent of the assessed value of land within the territory.

(c) The petition shall be filed with the commission prior to the conclusion of the protest hearing.

57087.3. The merger of a subsidiary district with a city, of which the city council is also the governing board of that subsidiary district, shall not be subject to Sections 99 and 99.01 of the Revenue and Taxation Code if the city council adopts a resolution that states that the city shall do all of the following:

(a) Continue providing the services of the subsidiary district at the same level to those areas outside the city's boundaries, but within the territory of the subsidiary district, as the services provided for territory within the city limits.

(b) Assume all assets of the subsidiary district.

(c) Assume all liabilities of the subsidiary district.

(d) Assume all ad valorem taxes, other accounts receivable, and other revenues of the subsidiary district.

57090. (a) Except as otherwise provided in subdivision (b), if proceedings are terminated, either by majority protest as provided in Sections 57075, 57076, and 57077, or if a majority of voters do not confirm the change of organization or reorganization as provided in Section 57179, no substantially similar proposal for a change of organization or reorganization of the same or substantially the same territory may be filed with the commission within two years after the date of adoption of the certificate of termination adopted by the commission if the proposal included an incorporation or city consolidation and within one year for any other change of organization or reorganization.

(b) The commission may waive the requirements of subdivision (a) if it finds these requirements are detrimental to the public interest.

57100 [57082]. Any commission resolution ordering a change of organization or a reorganization shall contain all of the following:

(a) A statement that the action is being taken pursuant to this division.

(b) A statement of the type of change of organization or reorganization being acted on.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

- (c) A description of the exterior boundaries of the territory for each change of organization or reorganization approved by the commission.
- (d) The name or names of any new or consolidated city or district.
- (e) All of the terms and conditions upon the change of organization or reorganization approved by the commission.
- (f) The reasons for the change of organization or reorganization.
- (g) A statement as to whether the regular county assessment roll or another assessment roll will be utilized.
- (h) A statement that the affected territory will or will not be taxed for existing general bonded indebtedness of any agency whose boundaries are changed.
- (i) Any other matters which the commission deems material.

57101 [57082.5]. With respect to any proceeding that would result in the annexation to a city of land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), for which the commission has determined pursuant to Section 56754 that the city may exercise its option to not succeed to the contract, the commission shall include within its resolution ordering the annexation of the territory a finding regarding whether the city intends to not succeed to the contract.

57102 [57083]. (a) In any resolution ordering a dissolution, the commission shall make findings upon one or more of the following matters:

- (1) That the corporate powers have not been used, as specified in Section 56871, and that there is a reasonable probability that those powers will not be used in the future.
- (2) That the district is a registered-voter district and is uninhabited.
- (3) That the board of directors of the district has, by unanimous resolution, consented to the dissolution of the district.

(b) If the commission makes any of the findings specified in subdivision (a), the commission may, except as otherwise provided in Section 57103, order the dissolution of the district without election.

57103 [57083.5]. Any order in any resolution adopted by the commission on or after January 1, 1986, ordering the dissolution of a local hospital district, organized pursuant to Division 23 (commencing with Section 32000) of the Health and Safety Code, is subject to confirmation by the voters.

57104 [57084]. Any order of merger may be adopted for a district of limited powers, including any district previously established as a subsidiary district, if the entire territory of the district is included within the boundaries of a city upon the date of the order.

57105 [57085]. An order establishing a district of limited powers as a subsidiary district may be adopted if upon the date of that order the commission determines that either of the following situations exists:

- (a) The entire territory of the district is included within the boundaries of a city.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(b) A portion or portions of the territory of the district are included within the boundaries of a city and that portion or portions meet both of the following requirements:

(1) Represent 70 percent or more of the area of land within the district, as determined by reference to the statements and the maps or plats filed pursuant to Chapter 8 (commencing with Section 54900) of Division 2 of Title 5 for the current fiscal year.

(2) Contain 70 percent or more of the number of registered voters who reside within the district as shown on the voters' register in the office of the county clerk or registrar of voters.

57106 [57086]. For the purposes of Sections **57104 and 57105**, the boundaries shall be determined as of the date of adoption of the order of the **commission**. Any then pending but uncompleted proceedings for changes in the boundaries of the city or district shall be disregarded.

57107 [57087]. In any resolution ordering a merger or establishment of a subsidiary district, the **commission** shall take one of the following actions:

(a) Order the merger or establishment of the subsidiary district subject to confirmation of the voters upon the questions, as the case may be, of merger, the establishment of a subsidiary district, or both merger and the establishment of a subsidiary district.

(b) Order the merger or establishment of the subsidiary district without election, if the legislative body of the city and the board of directors of the district have by resolution consented to the merger or the establishment of the subsidiary district.

57108 [57087.5]. At any time prior to the **conclusion of the protest hearing** by the **commission** ordering the district to be merged with or established as a subsidiary district of a city, a petition may be filed with the **executive officer** referring, by date of adoption, to the commission's resolution making determinations and requesting that any election upon that question be called, held, and conducted only within that district. Any petition so filed shall be immediately examined and certified by the **executive officer** by the same method and in the same manner as provided in Sections 56707 to 56711, inclusive, for the examination of petitions by the executive officer. The **commission** shall **forward the proposal for an** election upon the question of a merger or the establishment of a subsidiary district only within the district to be merged or established as a subsidiary district, if the **executive officer** certifies that any petition so filed was signed by either of the following:

(a) In the case of a registered voter district, by not less than 10 percent of the registered voters of the district.

(b) In the case of a landowner-voter district, by not less than 10 percent of the number of landowner-voters within the district who also own not less than 10 percent of the assessed value of land within the district.

57109 [57087.7]. At any time prior to the **completion of the protest hearing** by the **commission and the adoption** of a resolution ordering a reorganization that includes an incorporation and the establishment of a subsidiary district or a merger, a petition may be filed with the **executive officer** referring, by date of adoption, to the commission's resolution making determinations and

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

requesting that a separate election be called, held, and conducted only within that district on the establishment of the subsidiary district or the merger. That election shall be conducted at the same time as the election on the incorporation. Any petition so filed shall be immediately examined and certified by the executive officer by the same method and in the same manner as provided in Sections 56707 to 56711, inclusive, for the examination of petitions by the executive officer. The commission shall call, hold, and conduct any election upon the question of a merger or the establishment of a subsidiary district only within the district to be merged or established as a subsidiary district, if the executive officer certifies that any petition so filed was signed by either of the following:

(a) In the case of a registered voter district, by not less than 10 percent of the registered voters of the district.

(b) In the case of a landowner-voter district, by not less than 10 percent of the number of landowner-voters within the district who also own not less than 10 percent of the assessed value of land within the district.

57110 [57088]. In any resolution approving, subject to the confirmation of the voters, both an original and an alternative proposal as determined by the commission pursuant to paragraph (2) of subdivision (a) of Section 56863, the ballot at the election shall enable those voting to do one of the following:

(a) Disapprove both proposals.

(b) Approve either the original proposal or the alternative proposal.

The board of supervisors shall adopt a resolution confirming the proposal which was favored by a majority of votes cast at the election. Where both proposals were favored by a majority of the votes cast, the board of supervisors shall adopt a resolution confirming the proposal which received the greater number of votes.

57111 [57089]. In any reorganization proceeding where the component changes of organization would not individually require a confirmation election, no confirmation election shall be required to approve the reorganization.

57112 [57091]. (a) Except as otherwise provided in subdivision (b), if proceedings are terminated by failure of a majority of voters to confirm a resolution ordering merger or establishment of a subsidiary district, no new proposal for a merger or establishment of a subsidiary district involving the same district may be filed with the commission within two years of the date of the certification adopted by the commission, pursuant to Section 57179.

(b) The commission may waive the requirements of subdivision (a) if it finds these requirements are detrimental to the public interest.

57113 [57092]. (a) Notwithstanding Section 57081, 57102, 57107, 57108, or 57111, for any proposal that was initiated by the commission pursuant to subdivision (a) of Section 56375, the commission shall forward the change of organization or reorganization for confirmation by the voters if the commission finds either of the following:

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(1) In the case of inhabited territory, that a petition requesting that the proposal be submitted to confirmation by the voters has been signed by either of the following:

(A) At least 10 percent of the number of landowners within any affected district within the affected territory who own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners within an affected district is less than 300, the petition requesting the proposal to be submitted to the voters shall be signed by at least 25 percent of the landowners who own at least 25 percent of the assessed value of land within the territory of the affected district.

(B) At least 10 percent of the voters entitled to vote as a result of residing within, or owning land within, any affected district within the affected territory. However, if the number of voters entitled to vote within an affected district is less than 300, the petition requesting the proposal to be submitted to the voters shall be signed by at least 25 percent of the voters entitled to vote.

(2) In the case of a landowner-voter district, that the territory is uninhabited and a petition requesting that the proposal be submitted to confirmation by the voters has been signed by at least 10 percent of the number of landowners within any affected district within the affected territory, owning at least 10 percent of the assessed value of land within the territory. However, if the number of voters entitled to vote within an affected district is less than 300, the petition requesting the proposal to be submitted to the voters shall be signed by at least 25 percent of the voters entitled to vote.

(b) The petition shall be filed with the commission prior to the conclusion of the protest hearing.

57114 [57093]. (a) Notwithstanding Section 56854 and Section 57089, for any proposal for the dissolution of one or more districts and the annexation of all or substantially all of their territory to another district, the commission shall forward the change of organization or reorganization for confirmation by the voters if the commission finds either of the following:

(1) In the case of inhabited territory, that a petition requesting that the proposal be submitted to confirmation by the voters has been signed by either of the following:

(A) At least 25 percent of the number of landowners within any affected district within the affected territory who own at least 25 percent of the assessed value of land within the territory.

(B) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any affected district within the affected territory.

(2) In the case of a landowner-voter district, that the territory is uninhabited and a petition requesting that the proposal be submitted to confirmation by the voters has been signed by at least 25 percent of the number of landowners within any affected district within the affected territory, owning at least 25 percent of the assessed value of land within the territory of that district.

(b) If a petition that meets the requirements of this section has been filed, the commission shall approve the proposal subject to confirmation by the voters of each district that has filed such a petition. The voter confirmation requirements set forth in subdivision (a) shall not apply to any proposal initiated by the commission under Section 56375 or where each affected district has consented to the proposal by a resolution adopted by a majority vote of its board of directors.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

57115 [57100]. Any resolution of the commission forwarding a change of organization or a reorganization for confirmation by the voters shall, in addition to any applicable requirements contained in Sections 57100 to 57111, inclusive, do all of the following:

- (a) Designate the affected territory within which the special election or elections shall be held.
- (b) Provide for the question or questions to be submitted to the voters.
- (c) Specify any terms or conditions provided for in the change of organization or reorganization.
- (d) State the vote required for confirmation of the change of organization or reorganization.

57116 [57101]. In addition to any other requirements, any resolution of the commission ordering an incorporation subject to an election shall do all of the following:

(a) Provide for the election of the officers of the proposed city required to be elected, except as provided in Section 56727 and except as to officers designated as appointive, pursuant to Section 56723.

(b) Provide for the election on the question of whether members of the city council in future elections are to be elected by district or at large.

(c) If the petition so requests, state that the voters may express a preference as to whether or not the city shall operate under the city manager form of government, the ballot question being for or against the city manager form of government.

(d) If the petition so requests, state that the voters may express their preference between names for the new city.

57117 [57102]. In addition to any other requirements, any resolution of the commission ordering a consolidation of cities subject to an election shall do all of the following:

(a) Provide for the election of officers of the successor city required to be elected.

(b) State that the voters may express their preference as to the name of the successor city.

57118 [57103]. In any resolution ordering a change of organization or reorganization subject to the confirmation of the voters, the commission shall determine that an election will be held:

(a) Within the territory of each city or district ordered to be incorporated, formed, disincorporated, dissolved or consolidated.

(b) Within the entire territory of each district ordered to be merged with or established as a subsidiary district of a city, or both within the district and within the entire territory of the city outside the boundaries of the district.

(c) If the executive officer certifies a petition pursuant to Section 57108 or 57109, within the territory of the district ordered to be merged with or established as a subsidiary district of a city.

(d) Within the territory ordered to be annexed or detached.

(e) If ordered by the commission pursuant to Section 56876 or 56759, both within the territory ordered to be annexed or detached and within all or the part of the city or district which is outside of the territory.

(f) If the election is required by Section 57114, separately within the territory of each affected district that has filed a petition meeting the requirements of Section 57114.

57119 [57103.1]. Notwithstanding Section **57118**, in any resolution ordering a special reorganization, the **commission** shall call an election in both of the following territories:

- (a) The territory ordered to be detached from the city.
- (b) The entire territory of the city from which the detachment is ordered to occur.

57120 [57104]. In addition to any other requirements, any resolution of the **commission** ordering an incorporation or a formation subject to an election shall provide for the establishment of the appropriations limit determined pursuant to Section 56811.

CHAPTER 2. CONDUCT OF ELECTIONS

57125. Special elections called within all or any part of a city or registered-voter district shall be governed by the general election provisions and the local election provisions of the Elections Code, so far as they may be applicable, relating to the qualifications of voters, the manner of voting, the form of the ballot, the duties of precinct and election officers, the canvassing of returns, and all other particulars. If the **commission** determines that there is any inconsistency:

- (a) Between the general elections provisions and the local elections provisions of the Elections Code, the local elections provisions shall control.
- (b) Between this division and the Elections Code, this division shall control.

57126. Special elections called within all or any part of a landowner-voter district shall be governed by the general elections provisions of the principal act, so far as they may be applicable, relating to the qualifications of voters, the manner of voting, the form of the ballot, the duties of precinct and election officers, the canvassing of returns, and all other particulars. To the extent of any inconsistency between the provisions of this division and the principal act as determined by the **commission**, the provisions of this division shall control.

57127. If the **commission** calls any special election within all or any part of any district, any references in the principal act to the board of directors of the district and to the clerk or secretary of the district shall be deemed to mean the **commission** and the **executive officer**, respectively.

57127.5. If special elections are called upon the same question or questions within all or any part of any landowner-voter district, and any city or registered-voter district, the provisions of Section 57125 shall apply, except that, as to the landowner-voter district, the provisions of its principal act shall govern the qualifications of landowner-voters, the number of votes which each landowner-voter is entitled to cast, the manner of voting, and the form of the ballot.

57128. Where any special election or elections are called upon the question of confirmation of an order for a reorganization and the areas within which the election or elections are called contain overlapping territory of two or more cities or districts, within all of the overlapping territory the election precincts, polling places, voting booths, and ballot boxes shall, in every case, be the same and there shall be only one precinct board or set of election officers for each precinct.

57129. Where any records of a city or a district are required for the purpose of calling, holding, or conducting any special election called by the commission pursuant to this division, those records or certified copies of those records shall be delivered, upon request, to the commission elections official by the city or district officer having custody of the records or copies and shall be returned to that officer immediately after the canvass of the election returns. All other election records, documents, instruments, and election supplies, including, but not limited to, rosters, ballots, and tally sheets, shall be retained or disposed of by the elections official in the manner provided by law.

57130. The elections official shall cause notice of each change of organization or reorganization election to be given by publication, posting, and mailing as provided in Chapter 1 (commencing with Section 57025) of Part 4.

57131. The notice of election required to be given by Section 57130 shall contain all of the matters specified in Section 57115.

57132. The election on the question of the change of organization or reorganization shall be called and held on the next regular election date occurring at least 88 days after the date upon which the resolution calling the election was adopted. This section does not apply to any election conducted solely by mailed ballot pursuant to Chapter 1 (commencing with Section 4000) of Division 4 of the Elections Code.

57132.5. Notwithstanding Section 57132, the election on the question of a special reorganization shall be called and held at the next regular primary or general election occurring in an even-numbered year at least 88 days after the date on which the resolution calling the election was adopted.

57133. The question or questions to be submitted at any special election or elections called pursuant to this part shall be in substantially the following form:

(a) For an incorporation: "Shall the order adopted on ____, 20__, by the Local Agency Formation Commission of ____ County ordering the incorporation of the territory described in the order and designated in the order as ____ (insert the distinct short form designation previously assigned by the commission) be confirmed?"

(b) For an annexation: "Shall the order adopted on ____, 20__, by the ____ (insert Local Agency Formation Commission) ordering the annexation to ____ (insert city or district) of the territory described in that order and designated as ____ (insert the short form designation previously assigned by the commission) be confirmed?"

(c) For a detachment: "Shall the order adopted on ____, 20__, by the ____ (insert Local Agency Formation Commission) ordering the detachment from the ____ (insert city or district) of the territory described in the order and designated in the order as ____ (insert the short form designation previously assigned by the commission) be confirmed?"

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(d) For a city consolidation: "Shall the order adopted on ____, 20__, by the ____ (insert Local Agency Formation Commission) of the County of ____ (insert name of county) ordering the consolidation of the Cities of ____ (insert names of all cities ordered consolidated) into a single city known as the City of ____ be confirmed?"

(e) For a disincorporation: "Shall the order adopted on ____, 20__, by the Local Agency Formation Commission of the County of ____ ordering the disincorporation of the City of ____ be confirmed?"

(f) For a reorganization: "Shall the order adopted on ____, 20__, by the ____ (insert Local Agency Formation Commission) ordering a reorganization affecting the ____ (insert names of all affected cities or districts) and providing for ____ (insert list of all changes of organization or new cities proposed to be incorporated or districts to be formed) be confirmed?"

(g) For a district dissolution: "Shall the order adopted on ____, 20__, by the Local Agency Formation Commission of the County of ____ ordering the dissolution of the ____ district be confirmed?"

(h) For a district consolidation: "Shall the order adopted on ____, 20__, by the Local Agency Formation Commission of the County of ____ ordering the consolidation of ____ (insert the names of all districts ordered consolidated) into a single district known as the ____ District be confirmed?"

(i) For a merger: "Shall the order adopted on ____, 20__, by the Local Agency Formation Commission of the County of ____ ordering the merger of the ____ District with the City of ____ be confirmed?"

(j) For establishment of a subsidiary district: "Shall the order adopted on ____, 20__, by the Local Agency Formation Commission of the County of ____ ordering the ____ District established as a subsidiary district of the City of ____ be confirmed?"

(k) For a district formation, use form of question under principal act of district being formed. If none, use substantially the following form: "Shall the order adopted on ____, 20__, by the Local Agency Formation Commission of ____ County ordering the formation of a district in the territory described, known as ____, be approved?"

57134. If the change of organization or reorganization has been ordered subject to any terms and conditions, there shall be added to the end of the questions set forth in Section 57133 words substantially as follows:

"Subject to the terms and conditions specified in the order."

57135. (a) If any of the terms and conditions have the effect of imposing or increasing liability for payment of (1) taxes or assessments to be levied and collected, (2) service charges, rentals, or rates to be fixed and collected, or (3) both, upon or within all or any part of the territory affected by the proposed change of organization or reorganization, the question shall contain a very brief summary of the purpose, nature, and extent of the liability and shall refer to the order ordering the change of organization or reorganization for particulars. The legislative body may include in the question a summary of any of the other terms and conditions. (b) No reference need be made to any liability for payment of any of the following to be imposed for the usual and ordinary support, management, and operation of any district:

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

- (1) Annual taxes or assessments.
- (2) Ordinary service charges, rentals, or rates.
- (3) Both taxes or assessments and service charges, rentals, or rates.
- (c) Where a summary is included in a question, there shall be added to the clause set forth in Section 57134 words substantially as follows:

"Such terms and conditions including (set forth very brief summary), all as more particularly described and set forth in the order."

57136. This section shall apply only to changes of organization and reorganizations made by, or with respect to, a member district. If a change of organization or reorganization adding territory to a member district will not result in the additional territory being entitled to receive or be furnished with any new or additional governmental or proprietary service or commodity by the parent district, the question submitted to the voters shall so indicate. If a change of organization or a reorganization removing territory from a member district will result in the termination of any existing entitlement of the territory to receive, or be furnished with, any governmental or proprietary service or commodity from the parent district, the question submitted to the voters shall so indicate.

57137. On the ballot opposite each question and to its right, the words "Yes" and "No" shall be printed on separate lines with voting squares.

57138. If the commission orders both a merger and the establishment of a subsidiary district, questions on each such matter shall be printed on the ballot, one above the other. Immediately preceding the first question, there shall be printed in the words "Vote on both questions."

57139. If a special election or elections is called upon an order of reorganization which provides for a consolidation or the formation of a new district, or both, or upon an order of consolidation, members of the legislative body and other officers of the consolidated district or the new district, as the case may be, shall be selected in the manner provided by the principal act. If the principal act or the terms and conditions of the reorganization or consolidation provide for the election of the officers or members, they shall be nominated in the manner provided in the principal act and shall be voted upon at the special election or elections upon the question of confirming the order of reorganization or consolidation. If the order of reorganization or consolidation is confirmed at the special election or elections, the officers or members of the legislative body of the consolidated district or the new district, as the case may be, who are elected at the election or elections shall become the officers or members of the legislative body of the consolidated district or new district.

57140. Where a special election is called upon the question of confirming an order for a change of organization or a reorganization, each person entitled to vote as a result of residing or owning land within the territory in which the election is called shall be entitled to ballots and votes as follows:

- (a) In the case of cities or registered-voter districts, to one ballot and one vote.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(b) In the case of landowner-voter districts, to the number of ballots and votes authorized by the principal act of the district.

57141. Where a special election or elections are called upon the question of confirming an order for a merger or the establishment of a subsidiary district, or both, each person entitled to vote as a result of residing or owning land within the territory within which the election is called shall be entitled to ballots and votes as follows:

(a) Where the election is called only within the district:

(1) In the case of a registered-voter district, each registered voter shall be entitled to one ballot and one vote.

(2) In the case of a landowner-voter district, each landowner-voter shall be entitled to the number of ballots and votes authorized by the principal act of the district.

(b) Where one election is called within the district and another election is called within the territory of the city outside the boundaries of the agency:

(1) In the case of the city, each registered voter within the territory of the city outside the boundaries of the district shall be entitled to one city ballot and one vote on the question.

(2) In the case of the district, each person entitled to vote as a result of residing or owning land within the district shall be entitled to the number of district ballots and votes authorized by the principal act of the district.

Where separate elections are called within both the district and the territory of the city outside the boundaries of the district, separate forms of city and district ballots, printed on different colors of paper, shall be provided. The city and district ballots shall be separately canvassed.

57142. Where a special election is called upon the question of confirming an order of reorganization, each person entitled to vote as a result of residing or owning land within the territory within which the election is called shall be entitled to ballots and votes as follows:

(a) Each person who qualifies only as a registered voter of any city or registered voter district, regardless of the number of registered voters, is entitled to one ballot and one vote.

(b) Each person who qualifies only as a landowner-voter of any subject district, regardless of the number of landowner voters, is entitled to the number of ballots and votes authorized by the principal act for one such district; if there is more than one such district, that person upon declaration made to the precinct or election officers shall be furnished with a ballot or ballots for the particular district designated by that person.

(c) Each person who qualifies both as a registered voter and as a landowner-voter of any of the subject agencies, may at his or her option vote either as a registered voter or as a landowner-voter, but not both. That person, upon declaration made to the precinct or election officers, shall be furnished with a ballot or ballots for the particular city or district designated by that person.

57143. In any special election or elections called upon the question of confirmation of an order for merger or the establishment of a subsidiary district or for a reorganization, where the results of the election or elections are to be determined from votes of both landowner-voters and registered voters, the votes of the landowner-voters shall be computed and equated with the votes of the registered voters in the following manner:

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(a) First, the per capita assessed value of land for each registered voter within the county within which the elections are held shall be determined to the nearest even dollar by dividing the total assessed value of land within the county, as shown on the last equalized assessment roll of the county, by the total number of voters who were registered in the county at the close of registration, as provided in the Elections Code, next preceding the date of the election. If any landowner-voter district is located in more than one county, the per capita assessed value for each county shall be multiplied by a percentage, to the nearest one-tenth of 1 percent, those percentages being determined by dividing the total area of the district into the area of those portions of the district located within that county; the resulting products of those multiplications shall then be added and the total, to the nearest even dollar, shall be deemed to be the per capita assessed value for all the counties.

(b) Second, if any such landowner-voter district does not use the county assessment roll for the purposes of levying and collecting district assessments or taxes, the per capita assessed value of land for each registered voter within the county shall be corrected by multiplying the per capita assessed value by a correction factor determined as follows: The total assessed valuation of all lands within the district, as shown upon the last equalized assessment roll or book of the district, shall be divided by the corresponding total assessed valuation of all lands within the district, as shown upon the last equalized assessment roll of the county, and the quotient, expressed to the nearest of two decimal places, shall represent the correction factor. If any landowner-voter district is located in more than one county, a correction factor shall be determined, in the manner above provided, for each such county covering all those portions of the district which are located within the county; the correction factor for each county shall then be multiplied by a percentage, to the nearest one-tenth of 1 percent, that percentage being determined by dividing the total area of the district into the area of those portions of the district located within that county; the resulting products of those multiplications shall then be added and the total, to the nearest of two decimal places, shall be deemed to be the correction factor for all the counties.

(c) Third, the corrected per capita assessed value, determined to the nearest even dollar, shall then be adjusted by dividing it by the number of dollars required for a single vote by a landowner-voter, as specified in the principal act determining the landowner-voter's right to vote.

(d) Fourth, the total number of votes cast by landowner-voters for and against the question shall be divided by the corrected and adjusted per capita assessed value and the quotients, to the nearest whole figures, shall be deemed to be the number of votes of landowner-voters which shall be equated with the votes of the registered-voters of any city or registered voter district, cast for and against the question.

57144. Within five days after a special election is called pursuant to this part, the executive officer shall submit to the commission, for its approval or modification, an impartial analysis of the proposed incorporation or change of organization. The impartial analysis shall not exceed 500 words in length in addition to a general description of the boundaries of the territory affected. The commission shall approve or modify the analysis and submit the analysis to the elections official no later than the last day for submission of rebuttal arguments. Immediately below the impartial analysis there shall be printed in no less than 10-point bold type a legend substantially as follows:

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

"The above statement is an impartial analysis of Proposition _____. If you desire a copy of the proposition, please call the elections official's office at (insert telephone number) and a copy will be mailed at no cost to you."

57145. (a) The legislative body of any affected agency, or any member or members of the legislative body of an affected agency authorized by it, or any individual voter or association of citizens entitled to vote on the change of organization or reorganization, or any combination of those voters and association of citizens may file a written argument for, or a written argument against, the question to be submitted to the voters. Arguments shall not exceed 300 words in length and shall be filed with the elections official no later than the last day for submission of arguments specified by Section 57146.

(b) If more than one argument for or more than one argument against the proposal is filed with the elections official within the time prescribed in Section 57145, the elections official shall select one of the arguments for printing and distribution to the voters. In selecting the arguments, the elections official shall give preference and priority in the order named to the following arguments:

(1) The legislative body of an affected agency or any authorized member or members of the legislative body.

(2) Individual voters or association of citizens or a combination of voters and associations.

57146. (a) On the basis of the time reasonably necessary to prepare and print the arguments, analysis, and sample ballots for the election, the elections official shall fix and determine a reasonable date prior to the election after which no arguments for or against the measure may be submitted for printing and distribution to the voters. Notice of the date fixed shall be published in accordance with Section 56153 in a newspaper of general circulation which is circulated in the affected territory. Arguments may be changed until and including the date fixed by the elections official.

(b) The notice shall contain all of the following information:

(1) A statement of the proposition to be voted on and a general description of the boundaries of the affected territory.

(2) An invitation to any registered voter or association of citizens entitled to vote on the proposal to submit and file with the elections official for printing and distribution in the ballot pamphlet, an argument for or an argument against the proposal.

(3) The date of the election.

(4) A statement that only one argument for and one argument against will be selected and printed in the ballot pamphlet.

(5) A statement that arguments shall not exceed 300 words in length and shall be accompanied by not more than five signatures.

57147. Section 9167 of the Elections Code applies to the preparation and submittal of rebuttal arguments.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

57148. (a) The elections official shall cause a ballot pamphlet concerning the proposal to be printed and mailed to each voter entitled to vote on the question.

The ballot pamphlet shall contain all of the following information in the order prescribed:

- (1) The impartial analysis of the proposition prepared by the commission.
- (2) One argument for the proposal, if any.
- (3) One rebuttal to the argument for the proposal, if any.
- (4) One argument against the proposal, if any.
- (5) One rebuttal to the argument against the proposal, if any.

A copy of the complete text of the proposition shall be made available by the elections official, to any voter upon request.

(b) The elections official shall mail a ballot pamphlet to each voter entitled to vote in the election at least 10 days prior to the date of the election. The ballot pamphlet is "official matter" within the meaning of Section 13303 of the Elections Code.

57149. The canvass of ballots cast at any election held pursuant to this division shall be conducted pursuant to Sections 15300 to 15309, inclusive, of the Elections Code. The elections official shall immediately, upon the completion of any canvass, report the results to the executive officer of the local agency formation commission.

57150. All proper expenses incurred in conducting elections for a change of organization or reorganization pursuant to this chapter shall be paid, unless otherwise provided by agreement between the commission and the proponents, as follows:

(a) In the case of annexation or detachment proceedings, by the local agency to or from which territory is annexed, or from which territory is detached, or was proposed to be annexed or detached.

(b) In the case of incorporation or formation proceedings, by the newly incorporated city or the newly formed district, if successful, or by the county within which the proposed city or district is located if the incorporation proceedings are terminated. In the case of a separate election for city officers held following the election for incorporation pursuant to Section 56825.5, by the newly incorporated city.

(c) In the case of disincorporation or dissolution proceedings, from the remaining assets of the disincorporated city or dissolved district or by the city proposed to be disincorporated or the district proposed to be dissolved if disincorporation or dissolution proceedings are terminated.

(d) In the case of consolidation proceedings, by the successor city or district or by the local agencies proposed to be consolidated, to be paid by those local agencies in proportion to their respective assessed values, if proceedings are terminated.

(e) In the case of a reorganization:

(1) If the reorganization is ordered, by the affected local agencies or successor local agencies, as the case may be, for any of the above-enumerated changes of organization which may be included in the particular reorganization, to be paid by those local agencies in proportion to their assessed value.

(2) If the reorganization proceedings are terminated or the proposal is defeated, by the county within which the city is located.

57175. REPEALED.

57176. The commission shall execute, within 30 days of the canvass of the election, a certificate of completion confirming the order of the change of organization or reorganization if a majority of votes cast upon the question are in favor of the change of organization or reorganization in any of the following circumstances:

- (a) At an election called in the territory ordered to be organized or reorganized.
- (b) At an election called within the territory ordered to be organized or reorganized and within the territory of the affected agency.
- (c) At both an election called within the area to be organized or reorganized and an election called within the territory of an affected city, when required by the commission pursuant to Section 56759.

57176.1. Notwithstanding Section 57176, the commission shall execute, within 30 days of the canvass of the election, a certificate of completion confirming a special reorganization if a majority of votes cast upon the question are in favor of the special reorganization in both of the following circumstances:

- (a) An election called in the territory ordered to be detached from the city.
- (b) An election called in the entire territory of the city from which the detachment is ordered to occur.

57177. The commission shall execute a certificate of completion confirming either the order of a merger or the order for the establishment of a subsidiary district in the following manner:

- (a) Where the question submitted to the voters was only upon merger or only upon establishment of a subsidiary district, the commission shall execute a certificate of completion confirming the order if a majority of the votes cast on the question favored the order either:
 - (1) At an election called only within the district.
 - (2) At each election, where one election was called within the district and another election was called within the territory of the city outside the boundaries of the district.
- (b) Where both the question of merger and the question of establishment of a subsidiary district were submitted to the voters within the district only and both questions were favored by a majority of the voters, the commission shall order that change of organization favored by the greater number of voters. Where the number of votes was the same on both questions, the merger shall be ordered.
- (c) Where both the question of merger and the question of establishment of a subsidiary district were submitted at an election called both within the district and at an election within the territory of the city outside the district boundaries, and both questions were favored by a majority of the voters in both areas, that change of organization receiving the greater number of votes in both elections shall be completed. Where the number of votes was the same, or where the question of merger received the greater number of votes in one of the elections, a merger shall be completed.

57177.5. In the case of elections on an order of consolidation of cities or districts, the commission shall take one of the following actions:

(a) Execute a certificate of completion confirming the order of consolidation if, within the territory of each city or district ordered to be consolidated, a majority of the votes cast on the question favored the consolidation.

(b) Execute a certificate of termination of proceedings if, in one of the cities or districts ordered to be consolidated, the votes cast in favor of consolidation did not constitute a majority.

57178. In addition to any other requirements, the certificate of completion confirming an order of incorporation or consolidation of cities shall do all of the following:

(a) Give the name of the new or successor city favored by the electors.

(b) Declare the persons receiving the highest number of votes for the several offices of the new or successor city to be elected to those offices. If the incorporation applicant requested that the first election for city officers was to occur after the election on the proposal which included incorporation, the resolution shall call an election at which city officers shall be elected.

(c) In the case of an incorporation, declare which system of electing council members was favored, that is, election by district or election at large; and declare whether the city manager form of government was favored by the electors.

57179. If the majority of the votes cast is against the change of organization or reorganization, the commission shall execute a certificate of termination of proceedings.

CHAPTER 3. COMPLETION OF PROCEEDINGS AND EFFECTIVE DATE

57200. (a) Immediately after completion of proceedings ordering a change of organization or reorganization without election or confirming an order for a change of organization or reorganization after confirmation by the voters, the executive officer shall prepare and execute a certificate of completion and shall make the filings required by this division.

(b) Whenever the commission approves the inclusion of any territory of a landscape and lighting assessment district within a city, the executive officer shall notify the clerk of the landscape and lighting assessment district or other person designated by the district to receive notification.

57201. The certificate of completion prepared and executed by the executive officer shall contain all of the following information:

(a) The name of each newly incorporated city, each new district, and the name of each existing local agency for which a change of organization or reorganization was ordered and the name of the county within which any new or existing local agencies are located.

(b) A statement of each type of change of organization or reorganization ordered.

(c) A description of the boundaries of the new city ordered incorporated, the new district ordered formed or of any territory affected by the change of organization or reorganization, which description may be made by reference to a map and legal description showing the boundaries attached to the certificate.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(d) Any terms and conditions of the change of organization or reorganization. The terms and conditions shall provide public utilities, as defined in Section 216 of the Public Utilities Code, 90 days following the recording of the certificate of completion to make the necessary changes to impacted utility customer accounts.

57202. (a) If an effective date is fixed in the terms and conditions of the commission resolution, that date shall be the effective date. An effective date shall not be fixed which is either of the following:

- (1) Earlier than the date of execution of the certificate of completion.
- (2) Later than nine months after the date of the election in which a majority voted in favor of the change of organization or reorganization.

(b) The change of organization or reorganization shall be complete from the date of execution of the certificate of completion and effective from the dates specified in the terms and conditions of the commission resolution, unless no effective date has been fixed in those terms and conditions.

(c) If no effective date has been fixed in any of the terms and conditions, the effective date of a change of organization or a reorganization shall be the date of the recordation made with the county recorder and, if filed with the recorder of more than one county, the date of the last such recordation.

(d) The commission shall set an effective date for any incorporation. The authority of the commission to set the date of incorporation shall be exclusive, except as provided in Section 57203.

57203. The executive officer shall record, no later than 90 days after the election, a certified copy of the certificate of completion with the county recorder of each county in which all or any part of the territory included in the change of organization or reorganization is located, and shall file a certified copy of the certificate of completion, indicating the recording numbers affixed by the county recorder, with the clerk of the legislative body of each local agency subject to the change of organization or reorganization. If the executive officer is for any reason unable to comply with this section, the Secretary of State, upon confirmation by the county recorder that the certificate of completion has not been recorded within the time period provided in this section, may perform the duties of the executive officer upon receiving notice of the failure of the executive officer to so perform. After recordation of the certificate of completion by the executive officer, the recorder shall file with the county surveyor a copy of the boundary description included in the certificate of completion as provided by subdivision (c) of Section 57201.

57204. (a) The executive officer shall file the statement of boundary change or creation with the Board of Equalization, the county assessor, and the county auditor as may be provided for by Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5.

(b) The Board of Equalization shall distribute relevant information from the statements of boundary changes or creations to the Department of Finance, the Controller, and to the Secretary of State, as appropriate.

PART 5 - TERMS AND CONDITIONS AND EFFECT OF CHANGE OF ORGANIZATION OR REORGANIZATION

CHAPTER 1. GENERAL

57300. Any proceeding completed pursuant to this division shall not alter or affect the boundaries of any Assembly or Senatorial district.

57301. If at any time between each decennial federal census, a city annexes or detaches territory or consolidates with another city, the city council of the city annexing or detaching the territory or the city council of the successor city, shall reexamine the boundaries of its council districts, if any, after the first census is taken or after the population estimates are obtained, following the annexation, detachment, or consolidation. If, upon reexamination, the city council finds that the population of any council districts have varied so that the districts no longer meet the criteria specified in Section 21601 of the Elections Code, the city council shall, within 60 days after the census is taken, or population estimate received, by ordinance or resolution, adjust the boundaries of any or all of the council districts of the city so that the districts are as nearly equal in population as may be possible.

57302. The general provisions of this part shall apply only if, and to the extent that, the terms and conditions of any change of organization or reorganization do not make specific provision for any of the matters referred to in this part. If a change of organization or a reorganization specifically provides for, and is made subject to any of, the terms and conditions authorized by Section 56886, the specific terms and conditions shall control over the general provisions of this part. Any of those terms and conditions may be provided for, and be made applicable to, any affected county, affected city, or affected district, to all or any part of the territory of the county, city, or district, to any territory proposed to be annexed to the county, city, or district and to the owner or owners of property within that territory.

57303. If no determination is made pursuant to subdivision (d) of Section 56886, the principal amount of bonded indebtedness which may be incurred or assumed by any city, county, or district, under any statute or charter provision imposing a limitation on bonded indebtedness, shall not be affected by any change of organization or reorganization.

CHAPTER 2. EFFECT OF ANNEXATION

57325. On and after the effective date of an annexation, the territory annexed to a city or district, all inhabitants of that territory, and all persons entitled to vote by reason of residing or owning land within that territory shall be subject to the jurisdiction of the city or district and, except as otherwise provided in this chapter, shall have the same rights and duties as if the territory had been a part of the city or district upon its original incorporation or formation.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

57326. As an alternative to any procedure prescribed by law for the division of taxes or assessments collected in a district lying partially or wholly in territory annexed by an incorporated city, the city and the district may enter into an agreement providing that the district shall continue to perform services for the annexed territory until the close of the fiscal year for which the district has levied taxes or assessments.

57327. No payment for the use, or right of use, of the existing property, real or personal, of any district or city shall be required by reason of the annexation of territory to that district or city.

57328. Any territory annexed to a city or district shall be liable for payment of principal, interest, and any other amounts which shall become due on account of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of the city or district, but not of any improvement district within the district. It shall be subject to the levying or fixing and collection of any of the following which may be necessary to provide for that payment:

- (a) Taxes or assessments.
- (b) Service charges, rentals, or rates.
- (c) Both taxes or assessments and service charges, rentals, or rates.

57329. (a) If unincorporated territory was, or is hereafter, annexed to a city, all roads and highways or portions of a road or highway in the territory which had been accepted into the county road system pursuant to Section 941 of the Streets and Highways Code are, or shall become, as the case may be, city streets on the effective date of the annexation.

(b) Subdivision (a) does not apply to a road or highway which had been accepted into the county road system pursuant to Section 941 of the Streets and Highways Code after the date of the first signature on a petition for annexation or incorporation, the adoption of a resolution of application by an affected local agency, or a date mutually agreed upon by the city and the county.

(c) Nothing in subdivision (a) requires a city to improve the affected road or highway to city standards.

57330. Any territory annexed to a city or district shall be subject to the levying or fixing and collection of any previously authorized taxes, benefit assessments, fees, or charges of the city or district.

57330.5. (a) If a city annexes land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), and the city succeeds to the contract pursuant to either Section 51243 or Section 51243.5, then on and after the effective date of the annexation, the city has all of the rights, duties, and powers imposed by that contract.

(b) If a city annexes land that is subject to a contract executed pursuant to the Williamson Act (Chapter 7 (commencing with Section 51200) of Division 1), and the city exercises its option to

not succeed to the contract pursuant to Section 51243.5, then the city shall record a certificate of contract termination pursuant to that section.

CHAPTER 3. EFFECT OF DETACHMENT

57350. Except as otherwise provided in this chapter, on and after the effective date of a detachment, the territory detached from a city or district, all inhabitants within the territory, and all persons formerly entitled to vote by reason of residing within the territory shall cease to be subject to the jurisdiction of the city or district and shall have none of the rights or duties of the remaining territory, inhabitants, or voters of the city or district.

57351. Unless otherwise provided in the terms and conditions of the detachment, the city from which territory is detached may from time to time levy and collect from the detached territory its just proportion of liability for payment of the interest and principal of debts of the city contracted prior to detachment.

57352. At any time, the detached territory may tender to the city council of the city or the legislative body of the district the amount for which the detached territory is liable. If tender is made, the authority of the city or district to levy taxes on the detached territory shall cease.

57353. No inhabitant, property owner, taxpayer, consumer, or user within territory detached from a district or city shall be entitled to either of the following:

- (a) All or any part or to any payment on account of the moneys or funds, including cash on hand and moneys due but uncollected, or any property, real or personal, of the city or district.
- (b) Any refund by reason of any taxes, assessments, service charges, rentals, or rates collected prior to the effective date of the detachment.

57354. Any territory detached from a city or district shall continue to be liable for the payment of principal, interest, and any other amounts which become due on account of any bonds, including revenue bonds, or other contracts or obligations of the district and any improvement district within which the detached territory has been situated, as are outstanding on the effective date of detachment. It shall be subject to the levying or fixing and collection of any of the following which may be necessary to provide for that payment:

- (a) Taxes or assessments.
- (b) Service charges, rentals, or rates.
- (c) Both taxes or assessments and service charges, rentals, or rates.

CHAPTER 4. EFFECT OF INCORPORATION

57375. Except as otherwise provided in this chapter, on and after the effective date of an incorporation, the territory incorporated, all inhabitants within the territory, and all persons entitled to vote within the newly incorporated city by reason of residing in the city are subject to

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

the jurisdiction of the city and shall have the rights and duties conferred on them as inhabitants and voters of the incorporated city.

57376. (a) If the newly incorporated city comprises territory formerly unincorporated, the city council shall, immediately following its organization and prior to performing any other official act, adopt an ordinance providing that all county ordinances previously applicable shall remain in full force and effect as city ordinances for a period of 120 days after incorporation, or until the city council has enacted ordinances superseding the county ordinances, whichever occurs first. However, if the Board of Supervisors of the County of Orange has adopted an ordinance or resolution, or both, pursuant to Section 50029 or 66484.3 prior to the effective date of an incorporation of a city within that county, that ordinance or resolution shall not be repealed or superseded by the city until the county ordinance or resolution has been repealed or superseded by the board of supervisors of that county. If the county ordinance or resolution is repealed or superseded, then within 30 days of the effective date of the ordinance or resolution repealing or superseding the county ordinance or resolution, the city council shall enact a new ordinance or resolution conforming in all respects to the action taken by the county. The ordinance enacted by the city council immediately following its organization also shall provide that no city ordinance enacted within that 120-day period of time be deemed to supersede any county ordinance unless the city ordinance specifically refers to the county ordinance, and states an intention to supersede it. Enforcement of the continuing county ordinances in the incorporated area shall be by the city, except insofar as enforcement services are furnished in accordance with Section 57384.

(b) In the event that the County of Orange and any city within that county have entered into a joint powers agreement for the purpose of constructing the bridges and major thoroughfares referred to in Sections 50029 and 66484.3, and if a newly incorporated city within that county comprises territory formerly unincorporated but within an area of benefit established pursuant to Section 66484.3, then the city shall comply in all respects with the agreement, including any subsequent modifications thereof, as if the city were a party thereto.

57377. Officers, except members of the city council, shall hold office until the first succeeding general municipal election held in the city and until their successors are elected and qualified. Of the five elected members of the city council, the three receiving the lowest number of votes shall hold office until the first succeeding general municipal election held in the city and until their successors are elected and qualified, and the two receiving the highest number of votes shall hold office until the second succeeding general municipal election held in the city and until their successors are elected and qualified. If two or more members of the city council are elected by the same number of votes, the terms of each shall be determined by lot. The members of the city council elected to succeed the members elected at the incorporation election shall hold office for four years from the Tuesday succeeding their election, and until their successors are elected and qualified.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

57378. If the voters in the incorporation election determine that future city council members shall be elected "by districts," or "from districts," the provisions of Article 2 (commencing with Section 34870) of Chapter 4 of Part 1 of Division 2 shall apply to those elections.

57379. If the first general municipal election following an incorporation election will occur less than one year after the effective date of incorporation, or occurred on or after November 1, 1987, and less than one year after the incorporation election, of the five elected members of the city council, the three receiving the lowest number of votes shall hold office until the second general municipal election following the incorporation election and until their successors are elected and qualified, and the two receiving the highest number of votes shall hold office until the third general municipal election following the incorporation election and until their successors are elected and qualified. The first general municipal election following the incorporation election shall not be held unless either a proposition is to be voted upon or offices other than city council member offices are to be filled. In the event that, pursuant to Section 56727, the first election for city council members was held after the election on the incorporation proposal, the term "incorporation election" in this section means the first election for city council members.

57380. Courts shall take judicial notice of the organization and existence of cities incorporated pursuant to this division.

57381. Immediately upon qualification of the elected officers, all persons in possession of the offices of the city shall surrender the possession of the offices, though the terms of the offices for which they were elected or appointed have not expired.

57382. All officers, boards, and persons holding any property in trust for any city use shall convey that property to the city or officer entitled to the property.

57383. The board of supervisors of Los Angeles County may, by a two-thirds vote, convey any parking lot owned by the county and situated within the boundaries of an incorporated city to the city for public parking purposes, without consideration other than the agreement by the city to continue to use and maintain the property as a public parking lot. This section applies only to parking lots acquired principally from revenues raised through on street or off street parking fees for the specific purpose of parking lot development, and does not apply to lots purchased through expenditures from the general fund or other means to serve as sites for other types of facilities. The conveyance provided for by this section shall not occur until all liens or financial obligations attached to those lots have been satisfied.

57384. (a) Except as provided in subdivision (b), whenever a city has been incorporated from territory formerly unincorporated, the board of supervisors shall continue to furnish, without additional charge, to the area incorporated all services furnished to the area prior to the incorporation. Those services shall be furnished for the remainder of the fiscal year during which the incorporation became effective or until the city council requests discontinuance of the services, whichever occurs first.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(b) This subdivision applies only to incorporations for which the petition or resolution of application for incorporation is filed with the commission on or after January 1, 1987. Prior to the commission adopting a resolution making determinations, the board of supervisors may request that the city reimburse the county for the net cost of services provided pursuant to subdivision (a). The commission shall impose this requirement as a term and condition of its resolution. The city shall be obligated to reimburse the county within five years of the effective date of the incorporation or for a period in excess of five years, if the board of supervisors agrees to a longer period. As used in this subdivision, "net cost of services" means the total direct and indirect expense to the county of providing services, as determined pursuant to paragraph (2) of subdivision (c) of Section 56810, adjusted by any subsequent change in the California Consumer Price Index, less any revenues which the county retains that were generated from the formerly unincorporated territory during the period of time the services are furnished pursuant to subdivision (a). This subdivision applies only to those services, which are to be assumed by the city.

(c) At the request of the city council, the board of supervisors, by resolution, may determine to furnish, without charge, to the area incorporated all or a portion of services furnished to the area prior to the incorporation for an additional period of time after the end of the fiscal year during which the incorporation became effective. The additional period of time after the end of the fiscal year during which the incorporation became effective for which the board of supervisors determines to provide services, without charge, and the specific services to be provided shall be specifically stated in the resolution adopted by the board of supervisors.

57385. (a) If unincorporated territory was, or hereafter becomes, incorporated, all roads and highways or portions of a road or highway in the territory which had been accepted into the county road system pursuant to Section 941 of the Streets and Highways Code are, or shall become, as the case may be, city streets on the effective date of the incorporation.

(b) Subdivision (a) does not apply to a road or highway which had been accepted into the county road system pursuant to Section 941 of the Streets and Highways Code after the date of the first signature on a petition for annexation or incorporation, the adoption of a resolution of application by an affected local agency, or a date mutually agreed upon by the city and the county.

(c) Nothing in subdivision (a) requires a city to improve the affected road or highway to city standards.

CHAPTER 5. EFFECT OF DISINCORPORATION

57400. Except as otherwise provided in this chapter, on and after the effective date of a disincorporation, the territory of the disincorporated city, all inhabitants within the territory, and all persons formerly entitled to vote by reason of residing within the territory shall cease to be subject to the jurisdiction of the disincorporated city and shall have none of the rights or duties of inhabitants or voters of a city.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

57401. Prior to the effective date of the disincorporation, every public officer of the city shall turn over to the board of supervisors the public property in his or her possession.

57402. After ascertaining that disincorporation has carried, the commission shall determine and certify in a written statement to the board of supervisors the indebtedness of the city, the amount of money in its treasury, and the amount of any tax levy or other obligation due the city which is unpaid or has not been collected.

57403. Within 30 days after the disincorporation election but prior to the effective date of the disincorporation, the city council of the disincorporated city shall turn over to the county treasurer all city money in its possession.

57404. If the commission does not provide the board of supervisors with the certified statement required by Section 57402, the board shall make the determinations provided for in that section.

57405. If a tax has been levied by the disincorporated city and remains uncollected, the county tax collector shall collect it when due and pay it into the county treasury.

57406. All property upon which any tax levied by the disincorporated city has become delinquent, and all property sold for any tax levied by the disincorporated city, may be redeemed by any interested party, on payment to the county treasurer of the sum which the auditor estimates would have been necessary to redeem the property if there had been no disincorporation.

57407. All money paid into the county treasury pursuant to this chapter shall be placed to the credit of a special fund established for the purpose of settling the affairs of the disincorporated city.

57408. Warrants for city indebtedness shall be drawn by the board of supervisors on the special fund.

57409. If there is not sufficient money in the treasury to the credit of the special fund to pay any city indebtedness, the board of supervisors shall cause to be levied, and there shall be collected from the territory formerly included within the city, taxes sufficient to pay the indebtedness as it becomes due.

57410. Any taxes levied pursuant to Section 57409 shall be assessed, levied, and collected in the same manner and at the same time as other county taxes, and are additional taxes upon the property included within the territory of the disincorporated city.

57411. Any surplus remaining in the special fund after the payment of any debts shall be, at the discretion of the board of supervisors, transferred to the school districts, community college

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

districts, or districts included in the former city or used for the improvement of streets within the territory of the former city.

57412. The board of supervisors shall provide for collection of debts due the city and wind up its affairs. Upon an order by the board of supervisors, the appropriate county officer shall perform any act necessary for winding up the city affairs, with the same effect as if it had been performed by the proper city officer.

57413. The county succeeds to all of the rights of the city in the debts and may collect or sue for them in the name of the county.

57414. All costs and expenses incurred in winding up city affairs are part of the special fund.

57415. By ordinance, the board of supervisors may assume control of, and continue to administer, all electric, power, lighting, or gas plants and all systems of waterworks, street lighting, or any other public utility owned by the city at the time of its disincorporation.

57416. If the revenues from any public utility referred to in Section 57415 are not sufficient for its administration, conduct, or improvement, the board of supervisors shall levy a special tax upon all property within the disincorporated city. The special tax shall be levied upon the assessed value of the property as shown by the equalized assessment roll in effect on the first day of March of that year, and collected in the same manner and form of other county taxes.

57417. All sums collected shall be placed in a separate fund in the county treasury for the administration, conduct, and improvement of the public utility for which the tax is levied.

57418. If any city has within its boundaries, at the time of incorporation, at least two-thirds of the assessed value of an assessable property formerly contained within a disincorporated city, it becomes the owner of all public property formerly belonging to the disincorporated city and that proportion of the debts, liabilities, and credits owned by or due to the disincorporated city as the value of the assessable property of the disincorporated city lying within the boundaries of the new city bears to the value of all assessable property formerly contained within the disincorporated city. The value is that shown by the equalized assessment roll in effect in the fiscal year in which the city was disincorporated.

57419. No tax shall be levied upon any territory not included within the former limits of the disincorporated city for any debt or liability of the disincorporated city.

57420. Upon written request by the legislative body of a newly incorporated city, the board of supervisors shall cause the county auditor to prepare, without cost, a statement of the value of the assessable property in the disincorporated city and the value of that property now contained in the incorporated city. If the statement shows that at least two-thirds of the assessed value of all assessable property formerly contained within the disincorporated city is contained within the

boundaries of the newly incorporated city, the board of supervisors shall fix the relative proportion by an order entered in the minutes, and the newly incorporated city is liable for that proportion of the debts and liabilities of the disincorporated city.

57421. The board of supervisors shall forward a certified copy of the order to the Secretary of State and the city clerk, and turn over to the city council all public property taken by the board of supervisors and the proportion of the special fund to which the city is entitled. Thereafter, ownership of, and title to, all public property formerly belonging to the disincorporated city is vested in the city as fully as if the property had been originally acquired by it.

57422. Annually, at the time other city taxes are levied and collected, the city council shall levy and collect a special tax on the territory of the disincorporated city within the limits of the city sufficient to pay its proportion of the bonded indebtedness as it becomes due.

57423. Annually, at the time other county taxes are levied and collected, the board of supervisors shall levy and collect a special tax on the remainder of the territory sufficient to pay the balance of the debt, and pay this sum to the city treasurer.

57424. With the proceeds of those taxes, the city treasurer shall pay the bonded indebtedness as it becomes due.

57425. If any property within the former limits of the disincorporated city was sold for taxes levied by that city, it may be redeemed or a tax bond issued as if the city had not disincorporated. Those proceedings shall be had and deeds issued in the name of the city in which the land is situated.

CHAPTER 6. EFFECT OF DISSOLUTION

57450. On and after the effective date of the dissolution of a district, the district shall be dissolved, disincorporated, and extinguished, its existence shall be terminated, and all of its corporate powers shall cease, except for the purpose of winding up the affairs of the district and as otherwise provided in this chapter.

57451. For the purpose of winding up the affairs of a dissolved district, the successor of the dissolved district shall be determined as follows:

(a) If the territory of a dissolved district is located entirely within the incorporated territory of a single city, the city is the successor.

(b) If the territory of a dissolved district is located entirely within the unincorporated territory of a single county, the county is the successor.

(c) If the territory of a dissolved district is located within the incorporated territory of more than one city or the unincorporated territory of more than one county, or any combination of the incorporated or unincorporated territory of two or more such cities and counties, the successor is that city whose incorporated territory or that county whose unincorporated territory shall, upon

the effective date of dissolution, contain the greater assessed value of all taxable property within the territory of the dissolved district, as shown on the last equalized assessment roll or rolls of the county or counties.

(d) If the terms and conditions provide that all of the remaining assets of a dissolved district shall be distributed to a single existing district, the single existing district is the successor.

(e) If the terms and conditions provide that all of the remaining assets of a dissolved district shall be distributed to two or more existing districts, the successor is that existing district which, upon the effective date of dissolution, contains the greater assessed value of all taxable property within the territory of the dissolved district, as shown on the last equalized assessment roll or rolls of the county or counties.

57452. Upon the effective date of dissolution control over all of the moneys or funds, including cash on hand and moneys due but uncollected, and all property, real or personal, of the dissolved district is vested in the successor for the purpose of winding up the affairs of the district.

57453. For the sole and exclusive purpose of winding up the affairs of the dissolved district, the successor and the officers and legislative body of the successor have the same powers and duties as the dissolved district and the officers and legislative body of the dissolved district and all of the following additional powers and duties:

(a) To exchange, sell, or otherwise dispose of all property, real and personal, of the dissolved district.

(b) To compromise and settle claims of every kind and nature.

(c) To sue or be sued in the same manner and to the same extent as the dissolved district and the officers and legislative body of the dissolved district.

These powers and duties shall commence upon the effective date of dissolution and shall continue thereafter until the time when the affairs of the dissolved district have been completely wound up.

57454. No inhabitant, property owner, taxpayer, consumer, or user within the territory of a dissolved district shall be entitled to either of the following:

(a) All or any part, or to any payment on account of the moneys or funds, including cash on hand and moneys due but uncollected, or any property, real or personal, of the dissolved district.

(b) Any refund by reason of any taxes, assessments, service charges, rentals, or rates collected prior to the effective date of dissolution.

57455. Any moneys and funds of the dissolved district and any moneys or funds received by the successor from the sale or other disposition of any property, real or personal, of the dissolved district shall be used to the extent necessary, for the payment of principal, interest and any other amounts then or thereafter due on account of any outstanding bonds, including revenue bonds, and other contracts or obligations of the dissolved district.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

57456. (a) When the successor determines that payment, or provision or payment, has been made of all short-term obligations of the dissolved district, the successor shall distribute any of the remaining assets of the dissolved district in the manner provided in Section 57457.

(b) "Short-term obligations," as used in subdivision (a), includes all amounts which shall be due and payable, prior to the end of the fiscal year commencing next after the effective date of dissolution, upon any outstanding bonds, including revenue bonds, and other contracts or obligations of the dissolved district. All other obligations shall be long-term obligations.

57457. Remaining assets of the dissolved district shall be distributed by the successor as follows:

(a) If the territory of the dissolved district is located entirely within the incorporated territory of a single city, all of the assets shall be distributed to that city.

(b) If the territory of the dissolved district is located entirely within the unincorporated territory of a single county, all the assets of the dissolved district shall be distributed to that county.

(c) If the territory of a dissolved district is located within the incorporated territory of more than one city, or the unincorporated territory of more than one county, or any combination of the incorporated or unincorporated territory of two or more such cities and counties, the assets of the dissolved district shall be apportioned between all such cities and counties and distributed as follows:

(1) All real property located within the incorporated territory of any city or within the unincorporated territory of any county, as the case may be, shall be distributed to that city or county.

(2) All moneys or funds including cash on hand and money due but uncollected and all personal property shall be divided among and distributed to each city or county in the proportion that the assessed value of the taxable property of the dissolved district within the incorporated territory of each city or within the unincorporated territory of each county shall bear to the total assessed value of all taxable property within the dissolved district, the assessed values being those shown upon the last equalized assessment roll or rolls of the county or counties upon the effective date of the dissolution.

57458. Until payment, or provision for payment, has been made of all principal, interest, and any other amounts owing on account of any outstanding long-term obligations, which are payable in whole or in part from taxes or assessments upon any property within all or any part of the territory of a dissolved district, the legislative body of the successor shall in each year provide for the levy and collection of taxes or assessments upon the property sufficient to pay any principal, interest, and any other amounts owing on account of such obligations, as they become due. Those taxes or assessments shall be levied and collected in the manner provided by the principal act of the dissolved district.

57459. Until payment, or provision for payment, has been made of all principal, interest, and any other amounts owing on account of any outstanding bonds, contracts, or other obligations which are payable in whole or in part from the revenues of a revenue-producing enterprise of the dissolved district, the successor shall not do either of the following:

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(a) Sell, encumber, or otherwise dispose of all or any part of the revenue-producing enterprise or the revenues derived from that enterprise, except as expressly authorized by the ordinance, resolution, or indenture authorizing or providing for the issuance of any of the bonds, contracts, or other obligations.

(b) Distribute less than the whole of the revenue-producing enterprise to any city or county.

57460. If at the time of distribution more than one city or county or any combination of cities or counties are entitled to distribution of portions of a revenue-producing enterprise but the successor is unable to distribute the same because of Section 57459, the successor shall retain the revenue-producing enterprise and all revenues derived from that enterprise until payment, or provision for payment, has been made of all principal, interest, and any other amounts owing on account of outstanding bonds, contracts, or other obligations which are payable in whole or in part from the revenues of the enterprise, at which time the successor shall distribute the enterprise and any revenues derived therefrom in accordance with Section 57457.

57461. Where any bonds, contracts, or other obligations which are payable in whole or in part from the revenues of a revenue-producing enterprise are outstanding upon the effective date of dissolution, the successor, prior to distribution, or any city or county, after distribution, shall succeed to all rights and liabilities of the dissolved district under any ordinance, resolution, or indenture authorizing the bonds, contracts, or other obligations or providing for the issuance of the bonds, contracts, or other obligations and may sue or be sued upon those rights and liability in the same manner and to the same extent as the dissolved district.

57462. Any funds, money, or property of a dissolved district which have been impressed with any public trust, use, or purpose shall continue to be so impressed until that public trust, use, or purpose is vacated, abandoned, or terminated, in the manner provided by law.

57463. Subject to the provisions of Section 57462, any funds, money, or property of a dissolved district may be used by the successor for the purpose of winding up the affairs of the district and, after distribution to any city, county, or district may be used for any lawful purpose of the city, county, or district to which the funds, money, or property have been distributed. So far as may be practicable, the funds, money, or property shall be used for the benefit of the lands, inhabitants, and taxpayers within the territory of the dissolved district.

CHAPTER 7. EFFECT OF CONSOLIDATION OF CITIES

57475. If the successor city has a freeholder's charter, the successor city shall be governed as a new city under the freeholder's charter of the successor city. If the successor city was organized under former Part 2 (commencing with Section 35000) of Division 2 of Title 4, or its predecessors, the successor city shall be governed in the same manner as a new city. Except as otherwise provided in this chapter, the successor city shall be governed in the name of the successor city. If the electors have expressed a preference for the name of the successor city, the successor city is deemed to have the name favored by the electors. The predecessor cities are

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

dissolved and disincorporated and if any of them has a freeholder's charter, it is deemed surrendered and annulled and they are merged into the successor city. Immediately upon qualifying, the officers of the successor city who have been elected shall enter upon the duties of their offices and hold office until the next general municipal election and until their successors are elected and qualified. All persons in possession of, or occupying, the offices in each of the predecessor cities shall surrender them immediately to the proper officers of the successor city.

57476. Upon consolidation, the title to any property owned or held by, or in trust for, each predecessor city or by its officers or boards in trust for public use shall be vested in the successor city or its officers or boards.

57477. Except as otherwise provided in this division, consolidation does not affect any debts, demands, liabilities, or obligations of any kind existing in favor of or against the cities consolidated at the time of consolidation. Consolidation does not affect any pending action or proceeding involving any such debt, demand, liability, or obligation or any action or proceedings brought by or against any city prior to consolidation. The proceedings shall be continued and concluded by final judgment or otherwise as if consolidation had not been effected. Those rights or liabilities are the rights and liabilities of the successor city.

57478. Immediately upon consolidation, all ordinances of the predecessor cities are deemed repealed. That repeal shall not discharge any person from any existing civil or criminal liability nor affect any pending prosecution for violation of any of those ordinances.

57479. The repeal of ordinances provided by Section 57478 shall not apply to any of the following:

- (a) Ordinances under which vested rights have accrued.
- (b) Ordinances relating to proceedings for street or other public improvements.
- (c) Ordinances relating to zoning or land use regulation.
- (d) Proceedings for opening, extending, widening, straightening, or changing the grade of streets or other public places. These proceedings shall be continued and conducted by the successor city with the same effect as if continued and conducted by the city which commenced them.

57480. On and after the effective date of the consolidation, all ordinances, if any, of the successor city shall have full effect throughout the successor city.

57481. Unless otherwise provided in the terms and conditions of the consolidation, the property in cities consolidated pursuant to this chapter shall not be taxed to pay any indebtedness or liability of any other city contracted or incurred prior to, or existing at, the time of consolidation.

57482. The city council of the successor city shall separately levy and collect the taxes necessary to pay the indebtedness or liability of each predecessor city within the territory of each predecessor city.

57483. Where the successor city is, or becomes, a chartered city, under a freeholder's charter providing that boroughs may be established in territories or cities annexed to or consolidated with it, this division does not prevent a predecessor city, or any part of it, from becoming a borough.

CHAPTER 8. EFFECT OF CONSOLIDATION OF DISTRICTS

57500. On and after the effective date of a consolidation, the consolidated district succeeds to all of the powers, rights, duties, obligations, functions, and properties of all predecessor districts which have been united or joined into the consolidated district. The territory of a consolidated district, all inhabitants within that territory, and all persons entitled to vote by reason of residing or owning land within the territory are subject to the jurisdiction of the consolidated district and, except as otherwise provided in this chapter, have the same rights and duties as if the consolidated district had been originally formed under the principal act.

57501. No payment for the use, or right of use, of any property, real or personal, acquired or constructed by any predecessor district shall be required by reason of the consolidation of the district with other predecessor districts.

57502. The territory of a consolidated district shall be liable for payment of principal, interest, and any other amounts which become due on account of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of all predecessor districts, and are subject to the levying or fixing and collection of any of the following which may be necessary to provide for payment:

- (a) Taxes or assessments.
- (b) Service charges, rentals, or rates.
- (c) Both taxes or assessments and service charges, rentals, or rates.

However, only the territory within an improvement district shall be liable for any payment required on account of any bonds, including revenue bonds, or other contracts previously authorized or issued by, or on behalf of, the improvement district.

CHAPTER 9. MERGERS AND THE ESTABLISHMENT OF SUBSIDIARY DISTRICTS

57525. On and after the effective date of a merger of a district of limited powers with a city, the district is extinguished, terminated, and its existence ceases, except as otherwise provided in this chapter.

57526. Upon the effective date of a merger, all of the moneys or funds, including cash on hand and moneys due but uncollected and all property, real or personal, of the merged district is vested in the city.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

57527. No inhabitant, property owner, taxpayer, consumer, or user within the territory of a merged district shall be entitled to either of the following:

(a) All or any part, or to any payment on account of the moneys or funds, including cash on hand and moneys due but uncollected, and any property, real or personal, of the merged district.

(b) Any refund by reason of any taxes, assessments, service charges, rentals, or rates collected prior to the effective date of merger.

57528. Any moneys and funds of the merged district and any moneys or funds received by the city from the sale or other disposition of any property, real or personal, of the merged district shall be used, to the extent necessary, for the payment of principal, interest, and any other amounts then or thereafter due on account of any outstanding bonds, including revenue bonds, and other contracts and obligations of the merged district.

57529. Until payment, or provision for payment, has been made of all principal, interest, and any other amounts owing on account of any outstanding obligations, which are payable in whole or in part from taxes or assessments upon any property within all or any part of the territory of a merged district, the city council shall in each year provide for the levy and collection of taxes and assessments upon the property sufficient to pay any principal, interest, and any other amounts owing on account of such obligations, as they become due. Those taxes and assessments shall be levied and collected in the manner provided by the principal act of the merged district.

57530. Until payment, or provision for payment, has been made of all principal, interest, and any other amounts owing on account of any outstanding bonds, contracts, or other obligations which are payable in whole or in part from the revenues of a revenue-producing enterprise of the merged district, the city shall not sell, encumber, or otherwise dispose of all or any part of the revenue-producing enterprise or the revenues derived from the enterprise, except as expressly authorized by the ordinance, resolution, or indenture authorizing the bonds, contracts, or other obligations or providing for the issuance of any bonds, contracts, or other obligations.

57531. Where any bonds, including revenue bonds, contracts, or other obligations of the merged district are outstanding upon the effective date of merger, the city succeeds to all of the rights and liabilities of the merged district under any ordinance, resolution, indenture, contract, or other obligation or providing for or authorizing the issuance of any bonds, contracts, or other obligations and may sue and be sued upon those rights and liabilities in the same manner and to the same extent as the merged district.

57532. Any funds, money, or property of a merged district which have been impressed with any public trust, use, or purpose shall continue to be so impressed until the public trust, use, or purpose is vacated, abandoned, or terminated, in the manner provided by law.

57533. Subject to Section 57532, any funds, money, or property of a merged district may be used for any lawful purpose of the city. So far as may be practicable, as determined by the city

council, any of these funds, money, or property shall be used for the benefit of the lands, inhabitants, and taxpayers within the territory of the merged district.

57534. On and after the effective date of an order establishing a district of limited powers as a subsidiary district of a city, the city council shall be designated as, and empowered to act as, ex officio the board of directors of the district. The district shall continue in existence with all of the powers, rights, duties, obligations, and functions provided for by the principal act, except for any provisions relating to the selection or removal of the members of the board of directors of the district.

57535. If any court determines that any incompatibility exists by reason of the same person or persons holding office both as a member of the city council and as a member of the board of directors of a subsidiary district, the court shall order the vacation of the office of that person as a member of the board of directors, but not as a member of the city council, and shall order the membership of the board of directors to be selected in the manner provided by the principal act.

CHAPTER 10. EFFECT OF REORGANIZATION

57550. On and after the effective date of a reorganization, each change of organization ordered for any city or district shall be given the force and effect pertaining to a change of organization of that type, as provided in this part.

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ADDITIONAL GOVERNMENT CODE CHANGE INCLUDED IN AB 2838

Section 34880 is amended, to read as follows:

34880. (a) If the petition or proposal developed by the commission for submission to the electorate for incorporation or special reorganization of a city provides for the election of members of the legislative body by (or from) districts and includes substantially the provisions required to be included in an ordinance providing for that election, including Section 34871, the members of the legislative body shall be elected in the manner provided in the petition or proposal.

(b) The members of the legislative body shall hold office until the next general municipal election. At the next general municipal election the members elected by or from the even-numbered districts shall hold office for four years and the members elected by or from the odd-numbered districts shall hold office for two years. Thereafter the term of office is four years.

EDUCATION CODE CHANGES INCLUDED IN AB 2838

Section 35700.5 is added, to read as follows:

35700.5. Before initiating proceedings to consider any reorganization plan, the county committee on school district organization shall provide written notice of the proposed action to the local agency formation commission for the affected area.

Section 35721 is amended to read as follows:

35721. (a) On receipt of a petition signed by at least 10 percent of the qualified electors residing in any district for a consideration of unification or other reorganization of any area, the county committee shall hold a public hearing on the petition at a regular or special meeting.

(b) On receipt of a petition signed by at least 5 percent of the qualified electors residing in a school district with over 200,000 pupils in average daily attendance in which the petition is to reorganize the district into two or more districts, the county committee shall hold a public hearing on the petition at a regular or special meeting.

(c) On receipt of a resolution approved by a majority of the members of a city council, county board of supervisors, special district, or local agency formation commission that has jurisdiction over all or a portion of the school district for consideration of unification or other reorganization of any area, the county committee shall hold a public hearing on the proposal at a regular or special meeting.

(d) Following the hearing conducted pursuant to subdivision (a), (b), or (c), the county committee shall grant or deny the petition. If the county committee grants the petition, it shall adopt a tentative recommendation following which action it shall hold one or more public hearings in the area proposed for reorganization. The provisions of Sections 35705 and 35705.5 shall apply to any such public hearing.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

Section 35721.5 is added, to read as follows:

35721.5. Before initiating proceedings to consider any reorganization plan, the county committee on school district organization shall provide written notice of the proposed action to the local agency formation commission for the affected area.

REVENUE AND TAXATION CODE CHANGES INCLUDED IN AB 2838

Section 99 is amended to read as follows:

99. (a) For the purposes of the computations required by this chapter:

(1) In the case of a jurisdictional change, other than a city incorporation or a formation of a district as defined in Section 2215, the auditor shall adjust the allocation of property tax revenue determined pursuant to Section 96 or 96.1, or the annual tax increment determined pursuant to Section 96.5, for local agencies whose service area or service responsibility would be altered by the jurisdictional change, as determined pursuant to subdivision (b) or (c).

(2) In the case of a city incorporation, the auditor shall assign the allocation of property tax revenues determined pursuant to Section **56810** of the Government Code and the adjustments in tax revenues that may occur pursuant to Section **56815** of the Government Code to the newly formed city or district and shall make the adjustment as determined by Section **56810** in the allocation of property tax revenue determined pursuant to Section 96 or 96.1 for each local agency whose service area or service responsibilities would be altered by the incorporation.

(3) In the case of a formation of a district as defined in Section 2215, the auditor shall assign the allocation of property tax revenues determined pursuant to Section **56810** of the Government Code to the district and shall make the adjustment as determined by Section **56810** in the allocation of property tax revenue determined pursuant to Section 96 or 96.1 for each local agency whose service area or service responsibilities would be altered by the formation.

(b) Upon the filing of an application or a resolution pursuant to the Cortese-Knox Local Government Reorganization Act of 1985 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code), but prior to the issuance of a certificate of filing, the executive officer shall give notice of the filing to the assessor and auditor of each county within which the territory subject to the jurisdictional change is located. This notice shall specify each local agency whose service area or responsibility will be altered by the jurisdictional change.

(1) (A) The county assessor shall provide to the county auditor, within 30 days of the notice of filing, a report which identifies the assessed valuations for the territory subject to the jurisdictional change and the tax rate area or areas in which the territory exists.

(B) The auditor shall estimate the amount of property tax revenue generated within the territory that is the subject of the jurisdictional change during the current fiscal year.

(2) The auditor shall estimate what proportion of the property tax revenue determined pursuant to paragraph (1) is attributable to each local agency pursuant to Section 96.1 and Section 96.5.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(3) Within 45 days of notice of the filing of an application or resolution, the auditor shall notify the governing body of each local agency whose service area or service responsibility will be altered by the amount of, and allocation factors with respect to, property tax revenue estimated pursuant to paragraph (2) that is subject to a negotiated exchange.

(4) Upon receipt of the estimates pursuant to paragraph (3) the local agencies shall commence negotiations to determine the amount of property tax revenues to be exchanged between and among the local agencies. This negotiation period shall not exceed 60 days.

The exchange may be limited to an exchange of property tax revenues from the annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change. The final exchange resolution shall specify how the annual tax increment shall be allocated in future years.

(5) In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the district or districts, negotiate any exchange of property tax revenues. Prior to entering into negotiation on behalf of a district for the exchange of property tax revenue, the board shall consult with the affected district. The consultation shall include, at a minimum, notification to each member and executive officer of the district board of the pending consultation and provision of adequate opportunity to comment on the negotiation.

(6) Notwithstanding any other provision of law, the executive officer shall not issue a certificate of filing pursuant to Section 56658 of the Government Code until the local agencies included in the property tax revenue exchange negotiation, within the 60-day negotiation period, present resolutions adopted by each such county and city whereby each county and city agrees to accept the exchange of property tax revenues.

(7) In the event that the commission modifies the proposal or its resolution of determination, any local agency whose service area or service responsibility would be altered by the proposed jurisdictional change may request, and the executive officer shall grant, 15 days for the affected agencies, pursuant to paragraph (4) to renegotiate an exchange of property tax revenues. Notwithstanding the time period specified in paragraph (4), if the resolutions required pursuant to paragraph (6) are not presented to the executive officer within the 15-day period, all proceedings of the jurisdictional change shall automatically be terminated.

(8) In the case of a jurisdictional change that consists of a city's qualified annexation of unincorporated territory, an exchange of property tax revenues between the city and the county shall be determined in accordance with subdivision (e) if that exchange of revenues is not otherwise determined pursuant to either of the following:

(A) Negotiations completed within the applicable period or periods as prescribed by this subdivision.

(B) A master property tax exchange agreement among those local agencies, as described in subdivision (d). For purposes of this paragraph, a qualified annexation of unincorporated territory means an annexation, as so described, for which proceedings before the relevant local agency formation commission are initiated, as provided in Section 56651 of the Government Code, on or after January 1, 1998, and on or before January 1, 2005.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(9) No later than the date on which the certificate of completion of the jurisdictional change is recorded with the county recorder, the executive officer shall notify the auditor or auditors of the exchange of property tax revenues and the auditor or auditors shall make the appropriate adjustments as provided in subdivision (a).

(c) Whenever a jurisdictional change is not required to be reviewed and approved by a local agency formation commission, the local agencies whose service area or service responsibilities would be altered by the proposed change, shall give notice to the State Board of Equalization and the assessor and auditor of each county within which the territory subject to the jurisdictional change is located. This notice shall specify each local agency whose service area or responsibility will be altered by the jurisdictional change and request the auditor and assessor to make the determinations required pursuant to paragraphs (1) and (2) of subdivision (b). Upon notification by the auditor of the amount of, and allocation factors with respect to, property tax subject to exchange, the local agencies, pursuant to the provisions of paragraphs (4) and (6) of subdivision (b), shall determine the amount of property tax revenues to be exchanged between and among the local agencies. Notwithstanding any other provision of law, no such jurisdictional change shall become effective until each county and city included in these negotiations agrees, by resolution, to accept the negotiated exchange of property tax revenues. The exchange may be limited to an exchange of property tax revenue from the annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change. The final exchange resolution shall specify how the annual tax increment shall be allocated in future years. Upon the adoption of the resolutions required pursuant to this section, the adopting agencies shall notify the auditor who shall make the appropriate adjustments as provided in subdivision (a). Adjustments in property tax allocations made as the result of a city or library district withdrawing from a county free library system pursuant to Section 19116 of the Education Code shall be made pursuant to Section 19116 of the Education Code, and this subdivision shall not apply.

(d) With respect to adjustments in the allocation of property taxes pursuant to this section, a county and any local agency or agencies within the county may develop and adopt a master property tax transfer agreement. The agreement may be revised from time to time by the parties subject to the agreement. (e) (1) An exchange of property tax revenues that is required by paragraph (8) of subdivision (b) to be determined pursuant to this subdivision shall be determined in accordance with all of the following:

(A) The city and the county shall mutually select a third-party consultant to perform a comprehensive, independent fiscal analysis, funded in equal portions by the city and the county, that specifies estimates of all tax revenues that will be derived from the annexed territory and the costs of city and county services with respect to the annexed territory. The analysis shall be completed within a period not to exceed 30 days, and shall be based upon the general plan or adopted plans and policies of the annexing city and the intended uses for the annexed territory. If, upon the completion of the analysis period, no exchange of property tax revenues is agreed upon by the city and the county, subparagraph (B) shall apply.

(B) The city and the county shall mutually select a mediator, funded in equal portions by those agencies, to perform mediation for a period of not to exceed 30 days. If, upon the completion of

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

the mediation period, no exchange of property tax revenues is agreed upon by the city and the county, subparagraph (C) shall apply.

(C) The city and the county shall mutually select an arbitrator, funded in equal portions by those agencies, to conduct an advisory arbitration with the city and the county for a period of not to exceed 30 days. At the conclusion of this arbitration period, the city and the county shall each present to the arbitrator its last and best offer with respect to the exchange of property tax revenues. The arbitrator shall select one of the offers and recommend that offer to the governing bodies of the city and the county. If the governing body of the city or the county rejects the recommended offer, it shall do so during a public hearing, and shall, at the conclusion of that hearing, make written findings of fact as to why the recommended offer was not accepted.

(2) Proceedings under this subdivision shall be concluded no more than 150 days after the auditor provides the notification pursuant to paragraph (3) of subdivision (b), unless one of the periods specified in this subdivision is extended by the mutual agreement of the city and the county. Notwithstanding any other provision of law, except for those conditions that are necessary to implement an exchange of property tax revenues determined pursuant to this subdivision, the local agency formation commission shall not impose any fiscal conditions upon a city's qualified annexation of unincorporated territory that is subject to this subdivision.

(f) Except as otherwise provided in subdivision (g), for the purpose of determining the amount of property tax to be allocated in the 1979-80 fiscal year and each fiscal year thereafter for those local agencies that were affected by a jurisdictional change which was filed with the State Board of Equalization after January 1, 1978, but on or before January 1, 1979. The local agencies shall determine by resolution the amount of property tax revenues to be exchanged between and among the affected agencies and notify the auditor of the determination.

(g) For the purpose of determining the amount of property tax to be allocated in the 1979-80 fiscal year and each fiscal year thereafter, for a city incorporation that was filed pursuant to Sections 54900 to 54904 after January 1, 1978, but on or before January 1, 1979, the amount of property tax revenue considered to have been received by the jurisdiction for the 1978-79 fiscal year shall be equal to two-thirds of the amount of property tax revenue projected in the final local agency formation commission staff report pertaining to the incorporation multiplied by the proportion that the total amount of property tax revenue received by all jurisdictions within the county for the 1978-79 fiscal year bears to the total amount of property tax revenue received by all jurisdictions within the county for the 1977-78 fiscal year. Except, however, in the event that the final commission report did not specify the amount of property tax revenue projected for that incorporation, the commission shall by October 10, determine pursuant to Section 54790.3 of the Government Code the amount of property tax to be transferred to the city.

The provisions of this subdivision shall also apply to the allocation of property taxes for the 1980-81 fiscal year and each fiscal year thereafter for incorporations approved by the voters in June 1979.

(h) For the purpose of the computations made pursuant to this section, in the case of a district formation that was filed pursuant to Sections 54900 to 54904, inclusive, of the Government Code after January 1, 1978, but before January 1, 1979, the amount of property tax to be allocated to the district for the 1979-80 fiscal year and each fiscal year thereafter shall be determined pursuant to Section 54790.3 of the Government Code.

Local Government Reorganization Act of 2000
As Reorganized and Amended in 2000

(i) For the purposes of the computations required by this chapter, in the case of a jurisdictional change, other than a change requiring an adjustment by the auditor pursuant to subdivision (a), the auditor shall adjust the allocation of property tax revenue determined pursuant to Section 96 or 96.1 or its predecessor section, or the annual tax increment determined pursuant to Section 96.5 or its predecessor section, for each local school district, community college district, or county superintendent of schools whose service area or service responsibility would be altered by the jurisdictional change, as determined as follows:

(1) The governing body of each district, county superintendent of schools, or county whose service areas or service responsibilities would be altered by the change shall determine the amount of property tax revenues to be exchanged between and among the affected jurisdictions. This determination shall be adopted by each affected jurisdiction by resolution. For the purpose of negotiation, the county auditor shall furnish the parties and the county board of education with an estimate of the property tax revenue subject to negotiation.

(2) In the event that the affected jurisdictions are unable to agree, within 60 days after the effective date of the jurisdictional change, and if all the jurisdictions are wholly within one county, the county board of education shall, by resolution, determine the amount of property tax revenue to be exchanged. If the jurisdictions are in more than one county, the State Board of Education shall, by resolution, within 60 days after the effective date of the jurisdictional change, determine the amount of property tax to be exchanged.

(3) Upon adoption of any resolution pursuant to this subdivision, the adopting jurisdictions or State Board of Education shall notify the county auditor who shall make the appropriate adjustments as provided in subdivision (a).

(j) For purposes of subdivision (i), the annexation by a community college district of territory within a county not previously served by a community college district is an alteration of service area. The community college district and the county shall negotiate the amount, if any, of property tax revenues to be exchanged. In these negotiations, there shall be taken into consideration the amount of revenue received from the timber yield tax and forest reserve receipts by the community college district in the area not previously served. In no event shall the property tax revenue to be exchanged exceed the amount of property tax revenue collected prior to the annexation for the purposes of paying tuition expenses of residents enrolled in the community college district, adjusted each year by the percentage change in population and the percentage change in the cost of living, or per capita personal income, whichever is lower, less the amount of revenue received by the community college district in the annexed area from the timber yield tax and forest reserve receipts.

(k) At any time after a jurisdictional change is effective, any of the local agencies party to the agreement to exchange property tax revenue may renegotiate the agreement with respect to the current fiscal year or subsequent fiscal years, subject to approval by all local agencies affected by the renegotiation.